

POLITICAL CONTRIBUTION LIMITS

Updated 7/14/2020 (Originally published 7/7/2020)

Federal and California Political Donation Limitations

U.S. voters are once again making political contributions for the fall elections. Many activities that support or oppose candidates for federal, state, and local offices are subject to federal and state campaign finance laws. The laws generally limit the sources and amounts of funds used to finance elections. The following are guidelines to avoid incurring federal and California penalties.

Federal Contribution Limits

Federal contribution limits vary based on the type of donor and recipient. Some limits are based on the election cycle, while others are on an annual basis.

Individual donors are not required to file campaign reports for federal political contributions. If a donor's contributions exceed the limits, the federal campaign will return or refund the excess amount.

DONORS	RECIPIENTS				
	Candidate Committee	PAC (SSF and Nonconnected)	State/District/Local Party Committee	National Party Committee	Additional National Party Committee Accounts
Individual	\$2,800 per election	\$5,000 per year	\$10,000 per year (combined)	\$35,500 per year	\$106,500 per account, per year
Candidate Committee	\$2,000 per election	\$5,000 per year	Unlimited Transfers	Unlimited Transfers	
Political Action Committee (PAC) Multicandidate	\$5,000 per election	\$5,000 per year	\$5,000 per year (combined)	\$15,000 per year	\$45,000 per account, per year
PAC Non-multicandidate	\$2,800 per election	\$5,000 per year	\$10,000 per year (combined)	\$35,500 per year	\$106,500 per account, per year
State/District/Local Party Committee	\$5,000 per election (combined)	\$5,000 per year (combined)	Unlimited Transfers		
National Party Committee	\$5,000 per election	\$5,000 per year			

California Major Donor Report Requirements

California reporting requirements vary based on the year. For even-numbered years, major donors are required to file a report one or two times during the year. If all of your contributions are in one city, you may need to file more frequently.

In odd-numbered years, you may need to file up to four times throughout the year, and potentially more if your contributions are in one city. Remember to include the following contributions in your calculations:

- Those made with a credit card
- In-kind and non-monetary contributions
- Dues payments allocated to a California Political Action Committee (PAC).

In-kind contributions include hosting events or fundraisers or allowing candidates to use personal or corporate resources such as private planes, company office space, or staff time. Discounts on company goods and services also count as in-kind contributions that must be reported by major donors.

Contributions from an individual and a business entity (or two or more business entities) should be disclosed in the same major donor report if the individual or entity owns more than 50% of the other contributor.

You should be aware that some local jurisdictions have their own contribution limits.

Definition of a Major Donor in California

For California reporting purposes, a major donor is a person who donates \$10,000 or more to political campaigns, with “person” defined as any of the following:

- Individual
- Corporation
- Organization
- Partnership.

The \$10,000 threshold applies to any of the following types of contributions made in a single calendar year:

- California state and/or local candidates
- Ballot measures
- PACs
- Political parties (“state account”).

Federal campaign contributions to candidates or national parties are not included in the \$10,000 threshold.

Filing Requirements

If a donor gives \$10,000 or more to California state campaigns, the donor will be required to report the contributions to the California Secretary of State. The reporting due date is dependent on when the donor makes the contribution; there are penalties if the state forms are not filed on time. See <https://www.sos.ca.gov/campaign-lobbying/campaign-disclosure-and-requirements/campaign-forms-and-instructions/> for more information, or consult with your Seiler tax advisor.

Late Contribution Reports

A “Late Contribution” report must be filed by major donors within 24 hours of making contributions totaling \$1,000 or more in either of the following scenarios:

- During the 90 days preceding, or on the date of, an election to support or oppose a candidate or ballot measure on that ballot
- To a state or county political party during the 90 days prior to a state election or a special election anywhere in the state.

The Late Contribution report is considered your first major donor filing if you reach the \$10,000 threshold during this time.

Penalties for Late or Missed Filings in California

Late filing penalties are imposed by California’s Secretary of State at a rate of \$10 to \$20 per day for both required paper and electronic versions. The penalties are only waived under unusual circumstances.

Additionally, the Fair Political Practices Commission may also fine late filers, in an amount that is the greater of either:

- Up to \$5,000 per violation
- The amount not reported.

Please don’t hesitate to contact us if you want more details about any of the topics discussed or have any questions or concerns.