

Opinion Withdrawn – Wisconsin Ethics Commission – 12/06/2016

Summary:

Subcommittees of political committees: Local unions may terminate separate registrations and become subcommittees of political action committee operated by a regional affiliate, so long as subcommittees do not engage in financial activity independent of the parent committee and a single depository and treasurer are used. Such subcommittees may act as fund-raising agents for the regional committee, provided they exercise no discretion in transfer of funds to the committee and meet the statutory time deadlines for reporting and transmittal of collected funds to the committee treasurer. §§11.10, 11.26 (2)(c), Stats. (Issued to Lee Cullen, March 16, 1978)

This opinion was reviewed by the Government Accountability Board pursuant to 2007 Wisconsin Act 1 and was revised to reflect statutory changes allowing the subcommittee 15 days to report and transmit a contribution to the affiliated PAC. 1979 Wisconsin Act 328; §11.06(4)(c), Stats. The opinion below was reaffirmed by the Government Accountability Board on October 6, 2008 and fully incorporates the revisions directed by the G.A.B.

Opinion:

You have requested the Board's opinion on a proposal for reorganizing the political action structure of various teacher unions. You state that, at present, many local teacher organizations maintain their own political action committees (PACs), each of which is required to register and report as a separate committee. Because the local PACs engage in relatively little activity and in order to avoid the administrative burdens occasioned by separate registration and reporting for each local PAC, you wish to reorganize as follows:

Local PACs would terminate their registrations and affiliate as subcommittees with the PAC of a regional teacher organization serving their area (UniServ). A UniServ PAC would have one treasurer and one depository; the local subcommittees would not retain separate depositories or treasurers. Reports would be filed and records kept by the UniServ PAC, which would bear ultimate responsibility for compliance with campaign finance laws. The UniServe PAC could not spend funds in a local campaign without approval of the appropriate local subcommittee. Expenditures for state office campaigns would be determined by vote of the governing UniServe board, composed of representatives of the various local subcommittees.

Your first question is whether the reorganization proposal outlined above is permissible under state campaign finance law.

The first step in your proposal would be termination of the local PACs. Termination can take place at the point when a committee's future political finance activity will not exceed \$250 in a calendar year and the balance of funds is less than \$250. In terminating, residual funds may be disposed of by contributions to charitable organizations or the common school fund, return to contributors or political expenditures, such as transfer to a UniServ PAC. §11.19 (1), Stats. Assuming the local PACs can meet these provisions, their termination is permissible.

The next step in your reorganization plan is for the local organizations to affiliate with a UniServ PAC as subcommittees.

Chapter 11 is generally silent on the internal organization of a political committee, with the exceptions of the requirements that each committee appoint a treasurer and maintain a campaign depository. §11.10, Stats. The use of subcommittees is permissible, so long as they do not maintain depositories separate from that of the committee and the committee operates as the single disbursing and reporting entity. §11.10, Stats.

Your reorganization plan would meet these requirements and would not circumvent contribution limits or disclosure requirements. (Note that to comply with the latter, the UniServ PAC's registration statement must identify the various subcommittees and their relationship to the PAC. §11.05 (3)(b), Stats.) The Board concludes that your reorganization proposal is consistent with campaign finance regulations.

Your next question is: "Under what circumstances, if any, would local subcommittees of the UniServ PAC be permitted to act as agents for the UniServ PAC in soliciting funds and transferring these funds to the UniServ PAC depository?"

Local organizations may collect and transfer funds to affiliated parent organizations without separate registration, so long as they exercise no discretion in the transfer of collected funds to the parent group. El. Bd. Ops. 74-1, 76-12. Therefore it would be permissible for a local subcommittee of a UniServ PAC to act as a fundraising agent for the PAC, provided it transfers all collected funds to the PAC. The subcommittee should transmit the identities of contributors to the PAC for proper reporting. As agent of the PAC, the subcommittee must report and transmit each contribution to the PAC treasurer within 15 days of receipt. §11.06 (4)(c), Stats.