



Board of Ethics of the City of Philadelphia

# **Complying with Philadelphia's Campaign Finance Law**

**December 2016**

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## Disclaimer

The following general information is for candidates for City elective office, those who contribute to candidates for City elective office, and political committees and other persons that make expenditures to influence a City election. This is not intended as legal advice on the application of the City's Campaign Finance Law. If you would like advice on the application of the City's Campaign Finance Law to your particular situation, please contact the Board of Ethics.

The City's Campaign Finance Law is found at [Philadelphia Code Chapter 20-1000](#) (Political Contributions and Expenditures). The Board of Ethics has provided a detailed interpretation of the law in [Board of Ethics Regulation No. 1](#) (Campaign Finance). Candidates for City elective office, those who contribute to candidates for City elective office, and political committees and other persons that make expenditures to influence a City election, must comply with the requirements of Regulation No. 1.

[Philadelphia Code Chapter 17-1400](#) imposes limitations on contributions by persons that obtain non-competitively bid contracts from the City. If you have questions about Code Chapter 17-1400, you should contact the City's Department of Finance.

This guide does not address the requirements of the State Election Code. For advice on the application of the State Election Code, please contact either the Philadelphia City Commissioners or the Pennsylvania Department of State.

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<b>Philadelphia Department of Records:</b> Room 156, City Hall Philadelphia, PA 19107 215-686-2261 <a href="http://www.phila.gov/records/campaignfinance/CampaignFinance.html">http://www.phila.gov/records/campaignfinance/CampaignFinance.html</a>	<b>Philadelphia Department of Finance:</b> 1401 JFK Boulevard, 14 <sup>th</sup> Floor Municipal Services Building Philadelphia, PA 19102 215-686-4914 <a href="mailto:econtractPhilly@phila.gov">econtractPhilly@phila.gov</a>
<b>Pennsylvania Department of State:</b> 210 North Office Building Harrisburg, PA 17120 717-787-5280 <a href="http://www.portal.state.pa.us/portal/server.pt/community/campaign_finance/12731">http://www.portal.state.pa.us/portal/server.pt/community/campaign_finance/12731</a>	

**Key Concept: Which Candidates are Covered by the City's Campaign Finance Law?**

**Candidates for these City elective offices: Mayor, District Attorney, Controller, City Council, City Commissioner, and Sheriff.**

**Candidates for Judgeships and the Register of Wills are not covered by the City's Campaign Finance Law.**

**Becoming a candidate for City elective office**

Under the City's Campaign Finance Law, an individual becomes a candidate when he or she either publically announces his or her candidacy for City elective office or files Nomination Petitions or Papers with the City Commissioners.

**Key Concept: Note on Definition of Candidates**

**The definition of "candidate" is broader under the State Election Code than it is under the City's Campaign Finance Law.**

**Someone who is not a candidate under the City law may be a candidate under State law and therefore subject to the reporting requirements of that law. For guidance on the application of State law to this issue, please contact the City Commissioners or Department of State.**

Within three days of becoming a candidate for City elective office, the candidate must submit the following information to the Board of Ethics:

- The name and street address (other than a P.O. box) of the candidate's committee;
- The name of the bank where the candidate's committee checking account is established; and
- The name, street address (other than a P.O. Box), telephone number and email address of the treasurer of the candidate's committee.

A candidate for City elective office may submit the above information to the Board of Ethics either via email or postal mail or by providing a copy of the *Political Committee Registration Statement* he or she submitted to the City Commissioners, so long as the Statement contains all the required information.

**Note:** A candidate for City elective office must provide this information to the Board of Ethics about his or her candidate committee even if he or she used the same committee for a previous election.

Use of Political Committees by Candidates for City Elective Office

As a general rule, a candidate for City elective office may use no more than one political committee and one checking account for his or her campaign. All contributions and all expenditures for the campaign must be deposited into or made out of this account. Funds held in other accounts may not be used to influence a City election.

In addition to his or her candidate committee, a candidate for City elective office may establish a separate litigation fund committee in order to receive contributions and make expenditures to pay professional fees and expenses incurred in defense of a civil, criminal, or administrative proceeding arising directly out of the conduct of the candidate’s election campaign or participation in the election. Generally, within six months of the conclusion of the general election for which the candidate ran, the litigation fund must be terminated and any remaining funds returned to contributors. For further guidance on the use of litigation funds, please see Board Regulation No. 1, Subpart G.

A candidate for City elective office may also make expenditures through up to one political committee in addition to his or her candidate political committee for the printing and distribution of sample ballots that are distributed in the candidate’s ward.

Excess Pre-Candidacy Contributions

Prior to the announcement of candidacy for City elective office, an individual may have a committee that raises monies and makes expenditures. However, when the individual becomes a candidate, he or she must account for any excess pre-candidacy contributions the committee has received.

An excess pre-candidacy contribution is the portion of a pre-candidacy contribution to a political committee that, had it been made to a candidate’s committee, would have been in excess of the contribution limitations.

Within ten (10) days of becoming a candidate for City elective office, the candidate’s committee must exclude all excess pre-candidacy contributions from the checking account of his or her candidate committee. It may do so either by transferring those funds to a separate account or returning them to their donors.

**A candidate for City elective office may not spend excess pre-candidacy contributions for the purpose of influencing the outcome of a City election.**

For further information about how to identify, calculate, and exclude excess pre-candidacy contributions, please see Paragraph 1.44 of Regulation No. 1.

<p><b><u>Key Concept: Raising Within the Limits</u></b></p> <p><b>If you are considering becoming a candidate for City elective office, it may well be simpler to raise money within the contribution limits at all times. This recommended practice avoids the issue upon becoming a candidate for City elective office of having to exclude contributions in excess of the limits that were received prior to becoming a candidate.</b></p>
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## Reporting Requirements

Philadelphia's Campaign Finance Law requires those who participate in City elections to file campaign finance reports that are in addition to the reports they may have to file under the Pennsylvania Election Code. **All campaign finance reports filed with the Board of Ethics must be filed electronically.**

### **Philadelphia Reporting Cycles**

	<b>Name of Report</b>	<b>Complete As Of</b>	<b>Deadline</b>
<b>Cycle 1</b>	Sixth Tuesday Pre-Primary	March 27, 2017	April 4, 2017
<b>Cycle 101</b>	Fourth Tuesday Pre-Primary	April 16, 2017	April 18, 2017
<b>Cycle 2</b>	Second Friday Pre-Primary	May 1, 2017	May 5, 2017
<b>Cycle 10</b>	<b>24 hour reporting</b>	<b>Start May 2, 2017</b>	<b>End May 16, 2017</b>
<b>Cycle 201</b>	Last Tuesday Pre-Primary	May 7, 2017	May 9, 2017
<b>Cycle 3</b>	Thirty Day Post-Primary	June 5, 2017	June 15, 2017
<b>Cycle 4</b>	Sixth Tuesday Pre-Election	September 18, 2017	Sept. 26, 2017
<b>Cycle 401</b>	Fourth Tuesday Pre-Election	October 8, 2017	October 10, 2017
<b>Cycle 5</b>	Second Friday Pre-Election	October 23, 2017	October 27, 2017
<b>Cycle 11</b>	<b>24 hour reporting</b>	<b>Start Oct. 24, 2017</b>	<b>End Nov. 7, 2017</b>
<b>Cycle 501</b>	Last Tuesday Pre-Election	October 29, 2017	October 31, 2017
<b>Cycle 6</b>	Thirty Day Post- Election	November 27, 2017	December 7, 2017
<b>Cycle 7</b>	Annual Report	December 31, 2017	January 31, 2018

**Candidate committees** must file reports for cycles 1, 2, 3, 4, 5, 6, & 7.

During the 24 hour reporting period, **Candidate committees** that receive contributions or pledges of \$500 or more must file reports disclosing those contributions or pledges within 24 hours of receipt.

**Candidates** must file reports for cycles 2, 3, 5, & 6.

**Political committees** must file reports for cycles 1, 2, 3, 4, 5, 6, or 7 if, during the cycle, the committee makes an expenditure to influence a City election. An expenditure to influence a City election includes:

- A direct contribution to a candidate for City office.
- An expenditure that is coordinated with a candidate for City office (and is therefore an in-kind contribution to the candidate).
- An expenditure for an electioneering communication, which is any broadcast, cable, radio, print, Internet, or satellite communication (a) that promotes, attacks, supports, or opposes a candidate, or (b) that, within 50 days of a covered election, names, refers to, includes, or depicts a candidate in that covered election.

Political committees must also file for cycles 101, 201, 401 or 501 if, during the cycle, they spend or promise to pay, in the aggregate, \$5,000 or more for electioneering communications that are published or to be published within 50 days of a covered election.

**Not-for-profit entities, individuals and other persons** must file reports for reporting cycles 1, 101, 2, 201, 4, 401, 5, or 501 if they spend or promise to pay, in the aggregate, \$5,000 or more for electioneering communications that are published or to be published within 50 days of a covered election.

During the 24 hour reporting period, **Political committees or other persons** that make independent expenditures of \$500 or more to influence a City election (or incur debts for such expenditures) must file reports disclosing those independent expenditures within 24 hours.

### **Content of reports**

#### Cycle reports:

A report filed for one of the standard reporting cycles must disclose all contributions received, money spent, and debts incurred during the reporting period.

**Contributions** of \$50 or less are disclosed as a lump sum and do not need to be itemized. For contributions of more than \$50, the filer must provide the full name and mailing address of the contributor. For contributions of more than \$250, the filer must also provide the occupation and name of employer, if any, or the principal place of business, if self-employed, of the contributor.

For each **expenditure**, the filer must disclose the date the expenditure was made, the full name and address of the person to whom made and the purpose for which the expenditure was made.

For **unpaid debts**, the filer must disclose the nature and amount of the debt, the date incurred, and the full name and address of the person owed.

If the filer is required to file for a cycle but spent and received less than \$250 during the reporting period, the filer may file a campaign finance statement rather than a full campaign finance report.

#### 24 hour reports:

A 24 hour report filed by a **candidate committee** should only disclose contributions that total \$500 or more from a single source. The report should not include expenditures or debts. A 24 hour report filed by a **political committees or other person** should only disclose independent expenditures that total \$500 or more, or debts incurred for such expenditures. The report should not include contributions received by the committee or person.

### **Segregated Funds**

If a filer other than a political committee or an individual (for example, a non-profit) has segregated funds used to make expenditures into an account separate from the account it uses for non-campaign expenditures, that filer is only required to disclose the source of contributions deposited in the segregated account used to make expenditures to influence a City election.

An individual who files a report is only required to disclose contributions that he or she receives or solicits in order to fund the expenditures disclosed in the report.

## How to file campaign finance reports with the Board of Ethics

In order to file a report electronically with the Board of Ethics, a person must set up an account with the City's Department of Records. The form used to set up an account can be found at <http://www.phila.gov/records//CampaignFinance/CampaignFinance.html>.

Filings with the Board of Ethics must be submitted electronically, either by using a free software program called SmartClient (download at: <http://philadox.phila-records.com/cfsc/>) or by submitting the report in text file format. Anyone who needs assistance setting up or using SmartClient should contact the Board of Ethics.

For each campaign finance report filed with the Board of Ethics, the filer must also submit a signed form attesting that the information contained in the report is true and correct. Users can generate and print this form using SmartClient.

**Note:** Filers can use SmartClient to print out a paper copy of their campaign finance reports for filing with the City Commissioners. Filers can also use SmartClient to export a report into text files that can be used to file electronically with the Pennsylvania Department of State.

### Filing help center

For a few days preceding the filing deadline of a reporting cycle, and throughout the course of the 24-hour reporting period, the City provides a filing help center at the Marriott Residence Inn across from City Hall. The help center is open from 9:00 am until 6:00 pm and is staffed with people who can help filers with technical questions or filing issues. Laptops, printers, and a notary are available for filers to use free of charge.

#### **IMPORTANT:**

Filing a campaign finance report with the Board of Ethics does not satisfy the requirement under the Pennsylvania Election Code to file reports with the City Commissioners or the Pennsylvania Department of State.

For questions about the Pa. Election Code, please call either the City Commissioners at **215-686-3469** or the Dept. of State at **717-787-1512**.



Contribution Limits

The City’s Campaign Finance Law imposes the following limits on contributions to candidates for City elective office:

Per Calendar Year (As of January 2012)	To a Candidate’s Political Committee	To a Candidate’s Litigation Fund	To a <i>Former</i> Candidate’s Political Committee (post-candidacy contribution*)
From an Individual	<b>\$3,000</b>	<b>\$3,000</b>	<b>\$3,000</b>
From a Political Committee, partnership, or sole proprietorship	<b>\$11,900</b>	<b>\$11,900</b>	<b>\$11,900</b>

\* Contributions received between the general election and the end of that calendar year (or for an unsuccessful primary election candidate, between the primary election and the end of that calendar year) and in each year that follows the year of the general election. See page 9 for more information about post-candidacy contributions.

**Contributions from Business Organizations:** In order to qualify for the \$11,900 contribution limit, the finances of a sole proprietorship or partnership must be distinct and segregated from the personal finances of its proprietor or partners.

**Contributions from Joint Checking Accounts:** A contribution made by a check that reflects a joint checking account of two or more individuals shall be attributed to the joint account holder who signs the check. If more than one account holder signs a contribution check, the contribution shall be apportioned evenly between the signers. If an individual other than an account holder signs a contribution check, the contribution shall be attributed evenly among the joint account holders.

Non-Election Year Contribution Limits

During a non-election year:

- a. Candidates for Mayor shall receive no more than \$250,000 in total contributions from political committees;
- b. Candidates for District Attorney and Controller shall receive no more than \$100,000 in total contributions from political committees; and
- c. Candidates for City Council, Sheriff, and City Commissioner shall receive no more than \$75,000 in total contributions from political committees

**Be aware: Eligibility for City contracts**

**City law limits contributions from individuals or businesses that wish to be eligible for certain City contracts. These limitations are found at Chapter 17-1400 of the City Code and include rules that aggregate contributions in certain circumstances. For guidance on Chapter 17-1400, please contact the City's Department of Finance.**

**Coordinated Expenditures**

Expenditures by individuals or political committees made in coordination with a candidate's campaign to advocate or influence the election of that candidate are in-kind contributions from the person or committee to the candidate and are subject to the City's contribution limits. This includes republication of campaign communications and materials created by the candidate's campaign. However, a coordinated expenditure for communications or the dissemination of materials shall only be deemed an in-kind contribution to a candidate for City elective office and subject to the City's contribution limits if it either:

- 1) Expressly advocates the election or defeat of a candidate; or
- 2) Within 90 days of an election for City office (including the day of the election), names, refers to, includes, or depicts a candidate in that election.

By contrast, an independent expenditure is an expenditure made by a person or committee for the purpose of influencing an election without coordination with any candidate or political committee authorized by a candidate and is not subject to the contribution limits.

For more detailed guidance as to what constitutes a coordinated expenditure, see Regulation No.1, Subpart H.

**Example: Coordination**

**A Mayoral candidate gives a PAC a template for a door hanger. The PAC spends \$5,000 for door hangers based on the template and distributes them a month before the Primary. The \$5,000 expenditure was coordinated with the campaign and is therefore an in-kind contribution to that Mayoral candidate subject to the contribution limits.**

**Example: Independent**

**An Independent Expenditure Committee supporting fishing piers spends \$50,000 on radio ads in support of a City Council candidate. The candidate's campaign does not have any knowledge of the ads until they air. The \$50,000 expenditure is an independent expenditure and is not subject to the contribution limits.**

### Corporate Contributions

State law prohibits corporations and unincorporated associations from making contributions to candidates for City elective office or to political committees that make contributions to candidates for City elective office. Corporations and unincorporated associations may make contributions to political committees that have registered as Independent Expenditure Committees. For more information please contact the Department of State or the City Commissioners Office.

### Post-Candidacy

Contribution limits continue to apply to former candidates for City elective office who raise money to pay off debt incurred to influence an election for City office or to pay for transition or inauguration expenses. Former candidates for City elective office must file reports with the Board of Ethics disclosing post-candidacy contributions and expenditures.

Between the general election and the end of the calendar year (or for an unsuccessful primary election candidate, between the primary election and the end of the calendar year) and in each year that follows the year of the general election, former candidates for City elective office may receive post-candidacy contributions up to the contribution limits.

A former candidate for City elective office may not spend excess post-candidacy contributions on transition or inauguration expenses or to retire campaign debt or transition or inauguration debt. If a former candidate for City elective office receives a post-candidacy contribution that exceeds the limits, he or she, must within ten days, either transfer the excess portion to a segregated account or return the excess portion to the contributor.