

ADDENDUM G

CAMPAIGN GUIDE



**FOR CORPORATIONS
AND LABOR
ORGANIZATIONS**

Nonprofit Status

The corporation is a social welfare organization as described in 26 U.S.C. §501(c)(4). 114.10(c)(5).

Express Purpose

The corporation's organic documents, authorized agents or actual activities must indicate that its only purpose is issue advocacy, election influencing activity or research, training or educational activities tied to the corporation's political goals. 114.10(b) and 114.10(c)(1).

Business Activities

The corporation cannot engage in business activities. Business activities include the provision of goods, services, advertising or promotional activity that results in income to the corporation, other than in the form of membership dues or donations. Note, however, that if fundraising activities are expressly described as a request for donations to be used for political purposes, such as supporting or opposing candidates, they are not business activities. 114.10(b)(3) and (c)(2).⁴

Shareholder/Disincentives to Disassociate

A corporation cannot have shareholders or persons, other than employees and creditors, who:

- Have an equitable interest in the corporation or are otherwise affiliated in a way that would allow them to make a claim on the organization's assets or earnings; or
- Receive a benefit that they lose if they end their affiliation with the corporation or cannot obtain unless they become affiliated, e.g., credit cards, insurance policies, savings plans, education or business information (except that education and business information may be provided to enable the recipient to help promote the group's political ideas). These types of benefits are disincentives for individuals to disassociate themselves from the organization. 114.10(c)(3).

Relationship with Business**Corporations and Labor Organizations**

The corporation was not established by a corporation or a labor organization, does not accept direct or indirect donations from such organizations and, if unable to demonstrate that it has not accepted such donations, has a written policy against accepting donations from them. 114.10(c)(4).⁵

Certification of QNC Status

If a QNC makes independent expenditures that aggregate in excess of \$250 in a calendar year, it must certify that it is eligible for QNC status and report the independent expenditures (see below). Certification may be made by filing FEC Form 5, or by submitting a letter, by the due date of the first independent expenditure report. The form or letter must contain the following information:

- Name and address of the corporation;
- Signature and printed name of the individual filing the qualifying statement; and
- A statement certifying that the corporation meets the above five qualifications of a QNC. 114.10(e)(1).

Filing Reports

A QNC must report the independent expenditures that exceed \$250 on FEC Form 5 or in a signed statement with the appropriate authority. 114.10(e)(2) and 109.2.

Content

The report (or statement) must include:

- The reporting person's name, mailing address, occupation and employer (if any);

- The name and mailing address of the person to whom the expenditure was made;
- The amount, date and purpose of each expenditure;
- A statement as to whether the expenditure(s) was in support of or in opposition to a candidate and the candidate's name and office sought;
- A notarized certification under penalty of perjury as to whether the expenditure met the standards of "independence" (see Independent Expenditures, p. 22); and
- The identification of each person who contributed more than \$200 for the purpose of making the independent expenditures. 109.2(a).

When to File

The report is due at the end of the reporting period (see pp. 26-28) during which independent expenditures aggregating in excess of \$250 are made and at the end of each reporting period thereafter in which additional independent expenditures are made. 114.10(e)(2) and 109.2(a)(2).

Last Minute Expenditures

There are special reporting requirements for independent expenditures made after the 20th day but more than 24 hours before the day of the election. See page 41. 109.2(b).

Contributions Prohibited

Despite this exception for independent expenditures, the QNC is still prohibited from making monetary or in-kind contributions in connection with federal elections. 114.10(d)(2).

4. In May 1997 the U.S. Court of Appeals (8th Cir.) upheld the district court in Minnesota Citizens Concerned for Life (MCCL) v. FEC, ruling that the QNC Exception regulations conflict with the 8th Circuit's prior decision in Day v. Holahan, which is controlling law in that circuit. In Day the court struck down a state law with requirements similar to those in the QNC Exception regulations. The courts found that the "no business activity" requirement violated MCCL's First Amendment rights. In July 1997, the 8th Circuit denied the Commission's petition for rehearing and suggestion for rehearing en banc of the MCCL case.

5. Exception and Caution: Although a 501(c)(4) corporation may accept donations from a 501(c)(3) corporation, it must use that donation in a manner that is consistent with the 501(c)(3)'s tax exempt purpose, which, under the Internal Revenue Code, is never to make independent expenditures in support of, or in opposition to, any candidate. Tax exempt corporations are urged to consult with the Internal Revenue Code and Regulations.