

# Resolution in Support of Reasonable Campaign Finance Regulation of State and Local Party Committees

1 **WHEREAS**, the Arizona Democratic Party believes that Democratic state and local party  
2 committees are essential partners to Democratic elected officials and Democratic national party  
3 committees;

4  
5 **WHEREAS**, state and local party committees play a vital role in the American political system  
6 and are particularly suited to grassroots political activity in support of the party's political and  
7 electoral goals;

8  
9 **WHEREAS**, regulatory hurdles put in place over the past several years have served to hinder  
10 state and local parties from effectively participating in the political process

11  
12 **WHEREAS**, these hurdles include old and cumbersome rules governing the ability of parties to  
13 engage in grassroots political activity, amendments to Federal campaign laws that have  
14 federalized most of the parties' electoral activities and recent court decisions that have  
15 increased the power of outside organizations to spend unlimited, unregulated and, in many  
16 cases, undisclosed funds in connection with state and federal elections;

17  
18 **WHEREAS**, based upon the complexity of federal law, parties are increasingly subject to a higher  
19 level of regulation than other political organizations and are more likely to be audited or fined by  
20 the Federal Election Commission for reporting errors as well as the inadvertent use of non-  
21 federal funds for activities that have been federalized under recent changes to federal campaign  
22 finance law;

23  
24 **WHEREAS**, these developments have put an inordinate burden on state and local party  
25 committees without proper justification and have served to lower the effectiveness of party  
26 committees in the political process;

27  
28 **WHEREAS**, candidates at all levels of office have little incentive to work with parties due to  
29 structural barriers to association created by unnecessary and burdensome regulations;

30  
31 **WHEREAS**, the current campaign finance laws have created serious financial problems for  
32 state and local party committees as campaigns and donors seek out organizations that have  
33 fewer obstacles to participation in the political process;

34  
35 **WHEREAS**, the decrease in regulation of outside groups is a primary cause of the current state  
36 of extreme politics in America;

37  
38 **WHEREAS**, state and local party committees play an essential and moderating role in American  
39 politics by espousing mainstream political ideas that appeal to a majority of Americans in  
40 contrast to single issue organizations that support radical one issue agendas;

41  
42  
43 **WHEREAS**, unless the law is changed, party committees will eventually become irrelevant and  
44 unable to compete with the unlimited availability of resources of outside groups; and

45  
46 **WHEREAS**, the Association of State Democratic Chairs (ASDC) has established a Committee

47 on Campaign Finance Reform tasked with making recommendations to enhance the role of  
48 party committees in federal and state elections without affecting either contribution limits to  
49 parties or creating unlimited expenditures by party committees;

50

51 **THEREFORE BE IT RESOLVED** that the Arizona Democratic Party endorses the  
52 recommendations put forth in the ASDC Committee on Campaign Finance Reform report  
53 entitled "Legislative Recommendations for Campaign Finance Reform."

54

55 **BE IT FURTHER RESOLVED**, that the Arizona Democratic Party Democratic Party, will work  
56 with members of Congress, the national party committees, and the Obama administration to  
57 amend federal campaign finance laws to ensure the vitality of state and local party committees  
58 by lifting some of the unnecessary and burdensome regulations that continue to hinder their  
59 development.

60

61

62

---

63 A similar resolution was passed by the Association of State Democratic Chairs at its Nov. 23,  
64 2013 meeting in New Orleans, LA.



## ASSOCIATION OF STATE DEMOCRATIC CHAIRS

### COMMITTEE ON CAMPAIGN FINANCE REFORM LEGISLATIVE RECOMMENDATIONS FOR CAMPAIGN FINANCE REFORM

#### CRITICAL PRIORITIES

The following recommendations need urgent action by Congress and are critical to the long-term survival of state and local political parties. Without these changes it is inevitable that state and local political parties will be made irrelevant in future electoral cycles as it will become more and more difficult to compete with outside groups and independent expenditures.

#### Simplify rules for volunteer exempt activities.

Under current law, state parties do not have any authority to spend money on campaign activities that count as in-kind contributions to the campaign of our presidential nominee, if the nominee accepts public funds. And in targeted races for U.S. Senate and House, state parties give up their coordinated expenditure authority for such spending so that it can be used by the DSCC and DCCC. Spending for some activities does not count as an in-kind contribution. In addition, there are a specific set of activities—mail, literature/visibility, phone banks and slate cards—which state parties can spend money on, without counting as an in-kind contribution, under certain strict conditions and requirements. These conditions are unnecessarily confusing and complex, prevent state parties from supporting their candidates *even using 100% hard money*, and should be simplified.

- **Mail and visibility—under current law, can be paid for by state parties only if mailing was prepared by volunteers, did not use commercial lists and no funds were transferred by national parties. Visibility/literature must be distributed by volunteers and cannot be paid for in any part with national party funds. All of these conditions should be eliminated. The current slate card exemption, which has different requirements than the current campaign material exemption would be merged into one exemption.**
- Phone banks—under current law, must be staffed by volunteers and can be paid for by state parties, under this exemption, only for the presidential campaign and not for congressional races; and no national party funds can be used. **State parties should be allowed to pay for phone banks other than autocalled, without limit, in all federal races. The restriction on use of national party funds should be lifted.**
- **Paid and volunteer canvassing should be covered under the exemption.**
- **The costs of campaign rallies paid for by state parties should be covered under the exemption.**
- **The costs of all voter-registration and get-out-the-vote drives should be included in the exemption.**

#### Repeal Levin Amendment or create reasonable definitions for “Federal election activity”

Under McCain-Feingold, how state parties pay for their activities is determined, in large part, by the extent to which such activities are classified as “Federal election activity” under that law. After extensive hearings and careful consideration, the FEC in 2002 issued thoughtful, practical yet rigorous regulations defining these activities. These definitions have been challenged by so-called “reform” organizations in a series of court cases which have forced the FEC in some cases to modify its definitions and in other cases have left the definitions in a state of confusion and uncertainty. Under the most recent iteration of the definition of “get-out-the-vote” almost all campaign activity is subsumed within the

definition pulling most campaign activity within the definition even if no federal candidates are referenced in the communications.

The Levin Amendment is too complicated to administer and several state parties have decided to just federalize their get-out-the-vote programs due to the complexity of administering and complying with the Levin Amendment. In addition, due to the continual expansion of the definitions of “get-out-the-vote” as well as the additional problems created by the concept of “federal election activity,” **Congress should consider repealing these provisions and allow party committees to undertake activities in accordance with rules in place prior to the passage of McCain-Feingold.**

- **Prior to the passage of McCain-Feingold, parties were able to pay for communications that referenced federal and non-federal candidates with a combination of federal and non-federal funds in the same ratio as the amount of time and space devoted to each candidate in a particular communication. In addition, generic communications and issue advocacy were paid for according to a ballot composition ratio that was established at the beginning of each two-year election cycle.**

Under the Federal Election Activity rules, any communication that ostensibly references a federal candidate must be paid for exclusively with federal funds. This requirement was essentially targeted towards television and radio advertising but has affected all modes of communication including mail, phones and canvassing. These rules have created a disincentive for state and local candidates to appear in joint programs or materials with federal candidates due to the complete federalization of those materials.

**Congress should clarify that such grassroots materials should be subject to allocation based upon the time and space devoted to federal and non-federal candidates.**

### **Index state party limits for inflation like all the other limits.**

When McCain-Feingold was passed, the limits on individual contributions to candidates and to state parties were doubled. The limits on what an individual can contribute to national parties were also increased, as were the aggregate limits on what an individual could contribute to candidates and to other committees in a 2-year cycle. **All of these limits were indexed to inflation except for (i) the \$10,000 limit on individual contributions to state parties and (ii) the \$10,000 limit on contributions of Levin funds.**

**Both of these state party limits should be indexed to inflation.** Why should state parties be treated worse than individual candidates or national parties? There is no policy justification for such discriminatory treatment.

## **IMPORTANT PRIORITIES**

**The following priorities reflect important, but not critically urgent, needs of state parties to ensure long-term operational success. These issues should be addressed at some point by Congress as they have serious impacts on state and local political parties.**

### **Simplify Levin fundraising rules**

Sen. Carl Levin (D-Mich) introduced an amendment to McCain-Feingold that was intended to preserve some resources for state party grassroots activities. Under this amendment, a state party could use contributions accepted under state law, up to \$10,000 per donor, and use it to pay a portion of the costs of activities promoting the party that did not mention any federal candidate and did not involve any broadcast advertising.

In the House, this amendment was further modified so that no state or local party could help any other state or local party raise these non-federal funds; state and local parties could not engage in joint fundraising to raise these funds; and the national party could not provide the federal, hard money share to match these non-federal funds for the allowable activities. In addition, funds solicited by a federal candidate or officeholder cannot be used as Levin funds. **These House-added restrictions have rendered the so-called “Levin amendment” completely useless. The restrictions serve no discernible policy purpose and should be eliminated.**

## **Standardize solicitation rules for party officials and federal candidates and officeholders**

The ostensible purpose of McCain-Feingold was to prevent the appearance of corruption of federal candidates and officeholders by large contributions and contributions from corporations and unions (soft money). Yet, the law puts greater restrictions on solicitations by party officials than it does on solicitations by the federal candidates and officeholders themselves.

For example, federal officeholders can attend state and local party fundraising events even when non-federal funds are being raised; national party officers cannot. Federal officeholders can attend fundraising events for state and local candidates if certain disclaimer language is used; national party officers cannot. Federal officeholders can raise contributions for non-profit organizations as long as their principal purpose is not voter registration or GOTV; national and state party officers cannot solicit any such contributions. **National and state party officers and employees should be treated no more strictly than federal officeholders and candidates in terms of their ability to solicit contributions.**

## **Payment of Staff Payroll and Benefits**

Under McCain-Feingold, employees who work more than 25% of their time in connection with federal elections must be paid for exclusively with federal funds. However, the FEC has interpreted this statute to not only include federal activity but also “federal election activities.” Therefore, merely working on generic or non-federal activity has triggered federal payroll requirements. For example, if a state party hires employees to go door-to-door to do a voter identification project for a state or local candidate, those employees must be paid exclusively with federal funds. This has created a disincentive for party committees to engage in non-federal voter id or non-federal get-out-the-vote projects, even if there are no competitive federal races on the ballot. **Congress should either repeal this provision or clarify that it did not intend for the provision to include “federal election activities.”**

## **Repeal mandatory monthly filing for state party committees**

Under current law, state party committees must file FEC reports monthly if they spend funds on “federal election activity.” This has imposed a huge burden on state parties. **State parties should be allowed to file quarterly; alternatively the thresholds for triggering monthly filing should be narrowed.**

## **Amend disclaimer provisions**

The requirement that every communication by a party committee state that it is “not authorized by any candidate or candidate’s committee” whenever 441a(d) authority is not being used should be eliminated. The phrase is misleading, because it is required to be used with many communications that are authorized by candidates but don’t require 441a(d) authority; and it is unnecessary, particularly in broadcast advertising that also has to state that the party committee is responsible for the content of the advertising. **A specific authorization disclaimer should be required only when 441a(d) authority is being used or when a party is disseminating a communication as an independent expenditure.**

## **Increase registration thresholds for local party committees.**

Under current law, any local party committee that spends more than \$1,000 a year on activities promoting a federal candidate, or more than \$5,000 on the above-described exempt activities, must register with and file reports with the FEC; maintain multiple accounts; and subject itself to the 270 pages of complex regulations issued by the FEC. Few local party committees have the resources to file FEC reports and comply with all of these rules. For that reason campaign finance lawyers currently advise most local party committees to stay out of federal races—just don’t do anything to help your Member of Congress. Local committees should not have to register, report and comply with all the federal rules if they engage in only a modest amount of federal activity. **The registration thresholds for local party committees should be raised to \$5,000 per year for expenditures and \$25,000 on exempt activities.**