



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CAMPAIGN & POLITICAL FINANCE

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MEMORANDUM

TO: Interested Persons
FROM: Michael J. Sullivan, Director *mjs*
SUBJECT: Use of Candidate's Personal Funds for Campaign

This memorandum reviews many of the questions that candidates ask about making contributions and expenditures to their campaigns from their own personal funds. Candidates may contribute their own personal funds to their campaign and use funds contributed for campaign purposes in any amount. Certain candidates are limited, however, in how much they may **loan** to their campaign. Of course, like any contribution, candidate contributions must be kept in a separate campaign account and may not be commingled with personal or business accounts. Such contributions and expenditures must also be disclosed in accordance with the campaign finance law, M.G.L. c. 55.

I. Contributions - Candidates may contribute their own personal funds to their campaign.

1. Do I have to disclose contributions of my own funds? Yes. All such contributions must be disclosed. Legislative and most municipal candidates disclose this information on Form CPF 102 - Schedule A: Receipts. Depository candidates¹ disclose this information when depositing their contributions on Form CPF D106: Report of Receipts.

2. Is there a limit to how much I can contribute to my campaign? No. You may **contribute** to your campaign without limitation. In contrast, individual contributions from others, including contributions from your spouse or other family members, are limited to \$500 per calendar year. Contributions from lobbyists, however, are limited to \$200 in a calendar year.

¹ Depository candidates include candidates for statewide office, Governor's Council, county offices and citywide offices other than school committee in cities with a population of 100,000 or more (currently Boston, Cambridge, Lowell, Springfield, and Worcester).



II. Loans - A candidate may make a contribution in the form of a loan to his or her campaign². If a candidate loans funds to the campaign, the campaign may subsequently repay the candidate. The amount of a candidate **loan**, however, is restricted for some candidates. It is important for candidates and treasurers to remember that a loan **is** a contribution. Loans from a candidate's spouse, other family member or anyone else, therefore, are subject to the limitations noted above for individual contributions (i.e. \$500 per year).

1. Do I have to report loans I make to my campaign, and if so how? Yes. A loan is reported as a contribution on Schedule A of Form CPF 102 or on Form CPF D106 for depository candidates. The report should note clearly on Schedule A or on Form CPF D106 that the contribution was made as a loan to the campaign. In addition, the loan should be reported as a liability of the campaign on Schedule D of Form CPF 102 or on Form CPF D102, which is filed each year on January 20, for depository candidates. See Example 1 for a legislative or non-depository municipal candidate report of a loan.

Example 1: Form CPF 102 ND - Pre-primary Report

Schedule A: Receipts

Date Received	Name and Residential Address (alphabetical listing required)	Amount	Occupation & Employer (for contributions of \$200 or more)
9/4/04	Candice Candidate (loan to committee) 101 Memory Lane Anytown, MA 01234	\$2,500	Computer Programmer ISR Company

Schedule D: Liabilities

Date Incurred	To Whom Due	Address	Purpose	Amount
9/4/04	Candice Candidate	101 Memory Lane Anytown, MA 01234	Loan to Committee	\$2,500

² The campaign finance law defines "contribution" to include all loans, except bank loans made in the ordinary course of business. See M.G.L. c. 55, §1. Although loans from candidates to their committees are therefore "contributions," not all contributions are loans. For a contribution to be considered a loan, it must be disclosed as such on campaign finance reports filed by the candidate.

2. Is there any limit to the amount which I may loan my campaign? Yes, for some offices. The amount a candidate may loan his or her campaign per election³ is limited for certain candidates as follows:

Governor	\$200,000	Lieutenant Governor	\$200,000
Secretary of State	\$150,000	Treasurer	\$150,000
Auditor	\$150,000	Attorney General	\$150,000
State Senator	\$50,000	State Representative	\$30,000

All other candidates, including candidates running for county or municipal office, may make loans to their campaigns without limitation. Since loans are treated as contributions, however, loans from other individuals, including a candidate's spouse or other family members, are limited to \$500 per calendar year (\$200 for lobbyists).

3. What if I decide to dissolve my committee and the committee has never repaid the loan to me? If you do not have funds remaining in your campaign account, or if you use remaining funds for other campaign purposes, you may "forgive" the loan obligation in writing. The letter or note forgiving your loan should be attached to your campaign's dissolution report.

III. Expenditures - A candidate may use personal funds to make campaign expenditures.

1. If I am paying for campaign expenses, do I need to organize a political committee? No. If you are employed for compensation by the commonwealth or any of its subdivisions, however, you would need a committee to solicit and receive such contributions on your behalf. See M.G.L. c. 55, § 13.

2. Do I have to report expenditures of my own funds, and if so, how? Even if you make expenditures only from your own personal funds without raising any money from other persons, you must still file campaign finance reports. These transactions are reported as contributions from you on Schedule A or on Form CPF D106 for depository candidates. The expenses made with such funds are also reported as expenditures on Schedule B of Form CPF 102 to the person or business providing the goods or services to the campaign. See Example 2 for a legislative or non-depository municipal candidate report reflecting a candidate's contribution and expenditures. For depository candidates, expenditures are disclosed by the candidate's bank on Form CPF D106.⁴

³ The phrase "per election" includes each regular or special primary or general election. For example, a candidate for state senate may loan his or her committee \$50,000 between the previous November election and the following September primary and another \$50,000 between the September primary and the following November election for a total of \$100,000.

⁴ Depository candidates **must** open a bank account and deposit all funds into and make all expenditures greater than \$50 on checks drawn on that account. This requirement exist even if they do not organize a political committee on their behalf. See M.G.L. c. 55, s. 19.

Example 2: Form CPF 102 ND - Pre-election Report**Schedule A: Receipts**

Date Received	Name and Residential Address (alphabetical listing required)	Amount	Occupation & Employer (for contributions of \$200 or more)
9/4/04	Candice Candidate (loan to committee) 101 Memory Lane Anytown, MA 01234	\$2,500	Computer Programmer ISR Company

Schedule B: Expenditures

Date Paid	To Whom Paid	Address	Purpose of Expenditure	Amount
10/5/04	Best Eats	44 Mall Road Anytown, MA 01234	Election Night Party	\$500
10/2/04	Good Newspaper	10 Print Avenue Anytown, MA 01234	Campaign Ads	\$500
9/5/04	Great Signs, Inc.	2 Billboard Way Anytown, MA 01234	Campaign Signs	\$1,500

For further information and guidance regarding this memorandum, please contact OCPF.