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**INTERPRETIVE BULLETIN**

**Subvendor Reports**

The Office of Campaign and Political Finance (OCPF) periodically issues interpretive bulletins regarding various aspects of M.G.L. c. 55, the Massachusetts campaign finance law. This bulletin is issued to provide guidance and direction to political committees and interested persons regarding the filing of subvendor reports.

The subvendor reporting requirement, M.G.L. c. 55, § 18D, requires vendors who receive \$5,000 or more from a political committee, or from an individual or group required to file a report of ballot question expenditures, to provide the committee, individual, or group with a detailed account of all subsequent expenditures of \$500 or more that the vendors, on behalf of the political committee, individual or group, made to subvendors who provided goods or services. A committee or an individual or group required to file a report under M.G.L. c. 55, § 22, must file subvendor reports based on information provided to the committee, individual or group, by vendors.

1. Definitions

A “*vendor*” is “any person including, but not limited to, a consultant, who provides goods or services to a political committee or to an individual or group required to file a report of ballot question expenditures under section 22 and either receives or is promised \$5,000 or more in the aggregate during a calendar year for such goods or services. A “*vendor*” is also a person who contracts with another on behalf of the committee, individual or group, for such goods or services. In addition, an individual that provides an in-kind contribution to a political committee of more than \$5,000 during a calendar year would also be considered a “*vendor*.”

A “*subvendor*” is “a person providing goods or services to a vendor or who contracts with a vendor to provide goods or services to a committee or to an individual or group required to file a report of ballot question expenditures under section 22.” See M.G.L. c. 55, § 18D. OCPF regulations, however, exclude from the definition of “*subvendor*,” any person “who is an employee of a vendor, and has been an employee of the vendor for a period of at least three consecutive months prior to any month in which a committee is required to file a subvendor report.” In addition, the regulations exclude, from the definition of “*subvendor*,” an individual or retail business that provides goods or services to another vendor in the usual course of business. For example, a business that has an existing agreement to provide a printing company with paper and ink is not a

subvendor. In addition, an individual or business that provides goods or services to a subvendor is also not a subvendor. *See* 970 CMR 2.18(3).

## 2. Schedule for filing subvendor reports

All committees are covered by the subvendor disclosure statute. Non-depository candidate committees, ballot question committees, and local party committees file the subvendor reports according to the schedule for their filing of campaign finance reports. Depository candidates and committees<sup>1</sup> file subvendor reports by the fifth of each month to cover the previous month. Independent expenditure PACs disclose subvendor expenditures in year-end reports. An individual or group filing a report of ballot question expenditures under section 22 is required to disclose subvendor expenditures at the same time the ballot question expenditure report is filed. Subvendor reports filed with OCPF must be filed electronically. If the expenditure concerns a local candidate who does not file with OCPF, or a local ballot question, the report is filed in paper form with the local election official at the same time campaign finance reports are filed.

OCPF has issued regulations that further define when subvendor reports are required, and to address frequently asked questions. The regulations state that a vendor is not required to provide information to a committee, or to an individual or group required to file a ballot question expenditure report, prior to reaching the \$500 subvendor threshold. Upon reaching the threshold, however, the vendor must provide a detailed account to “describe all expenditures made, including those made prior to reaching the threshold.” *See* 970 CMR 2.18(2).

## 3. Examples

A political committee of a legislative candidate makes an expenditure of \$6,000 to a consultant on October 10. The consultant then, on October 17, makes several expenditures to media outlets and printing companies, and each expenditure equals or exceeds \$500. The consultant must, within 5 days of making each expenditure, provide the committee with a “detailed account of the expenditure.” The committee must then include the information provided by the consultant in a subvendor report that must be filed on or before the fifth day of the following month (i.e., by November 5). The disclosure includes the amount of each payment, the name and address of the vendor and each subvendor, and the purpose of each expenditure.

If a consultant or other vendor who has received \$5,000 or more during a calendar year does not provide a detailed account of its expenditures, a committee must contact the vendor in writing, to inquire regarding the vendors’ payments to subvendors. Committees must keep copies of written correspondence sent to vendors seeking such information, as well as the responses received from vendors. If a vendor has not used subvendors in connection with its work for a committee, it should provide the committee with a statement saying that no subvendors were used. OCPF may request copies of such correspondence to verify compliance.

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<sup>1</sup> Candidate committees that file with OCPF are generally in the depository system of reporting. Depository candidates include state, county, and mayoral candidates and candidates for city council in cities with a population of 65,000 or more (currently Boston, Cambridge, Lowell, Springfield, Worcester, New Bedford, Brockton, Quincy, Lynn, Fall River, Newton, Lawrence, Somerville, and Framingham). *See* M.G.L. c. 55, § 19. The only candidates that file with OCPF who are not in the depository system are candidates for Barnstable Assembly of Delegates. PACs (other than independent expenditure PACs) organized with OCPF, and state party committees elected pursuant to chapter 52, also file in the depository system.

A vendor is not required to provide subvendor information to a committee if the vendor provides a statement to OCPF annually certifying that the vendor does not use subvendors. Vendors that provide this statement to OCPF must notify OCPF if circumstances change. 970 CMR 2.18(4)(c).

If you have questions regarding this interpretive bulletin or any other campaign finance matter please do not hesitate to contact OCPF at 1-800-462-OCPF or 617-979-8300.