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M-24-02
January 12, 2024

MEMORANDUM

To: Interested Parties
From: William C. Campbell, Director
Subject: Dissolution of Committees and Disposition of Residual Funds

This memorandum is issued to clarify the dissolution process of a committee including the disposition of funds remaining in a committee's account upon dissolution of the committee.

The purposes for which candidates and political committees can utilize funds received for campaign and election expenses is governed by M.G.L. Ch. 55, §6 and 970 CMR 2.00. In brief, a statewide office candidate's committee can expend funds for the reasonable and necessary expenses related to the campaign of the candidate, any other candidate's committee can expend funds for the enhancement of the political future of the candidate, and any non-candidate committee can expend money for the principle for which the committee was organized, provided that no committee may make an expenditure primarily for the candidate's or any other person's personal use.

When a candidate, whether an incumbent who leaves office or one who was unsuccessful in their bid for public office, is not actively campaigning for office, they are not required to dissolve their committee. If a candidate still intends to seek public office sometime in the future, even if they are unsure of the specific office, the candidate may, but is not required to, keep the committee open.

As long as the committee remains open, it must continue to comply with the campaign finance law, whether or not a candidate is in office. This includes, but is not limited to, the applicable limits on receipt of contributions, expenditures being limited to those set forth in Section 6 and 970 CMR 2.00 referenced above, and filing all required reports applicable to the most recent office sought unless and until a change of purpose is filed with either OCPF or the local election official at which time the requirements applicable to that office shall apply. These requirements also apply to a candidate who maintains campaign funds without forming a committee.



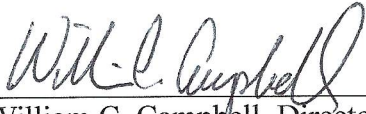
Political action committees, people's committees, and state and local party committees may also remain open and must comply with the campaign finance law. This includes, but is not limited to, the applicable limits on the receipt of contributions, expenditures being limited to those set forth in Section 6 and 970 CMR 2.00 referenced above, and filing all required reports. State and local ballot question committees must generally dissolve after the election at which their particular question appears on the ballot.

A committee cannot voluntarily dissolve until it holds no funds, has no assets, and has no outstanding liabilities. Any funds held by a committee may be expended by the committee for the purposes set forth in Section 6 and 970 CMR 2.00 until the fund balance is brought to zero. If any funds remain in the committee account after all expenditures consistent with Section 6 and 970 CMR 2.00 are made and all liabilities are paid, these remaining funds are to be disposed of in accordance with M.G.L. Ch. 55, §18(j), the so-called "residual funds clause." The intention of these sections of the campaign finance law is that no funds received for campaign or election purposes be converted to personal use upon dissolution.

A committee may donate these residual funds to one or more of the following:

1. the General Fund of the Commonwealth;
2. the General Fund of any Massachusetts city or town. Note that a committee may make a request that the money be directed to a specific department of the city or town, but the municipality is under no obligation to honor such a request;
3. a scholarship fund, provided that the candidate, treasurer or any officer of the committee cannot participate in the selection of the beneficiary of any scholarship awarded from the fund, and the beneficiary of any scholarship shall not be related by blood or marriage to the candidate, treasurer or any official of the political committee; or
4. a religious or public charity entity, provided, however, that the candidate, treasurer or any officer of the committee cannot be related by blood or marriage to any trustee, officer, principal or beneficiary of the entity either at the time of the gift or within 10 years from the date of the gift, and the entity may not employ as a trustee, officer, principal or beneficiary any person related by blood or marriage to the candidate, treasurer or any officer either at the time of the gift or within 10 years from the date of the gift.

This memorandum supersedes M-07-02. For further information and guidance regarding this memorandum, please contact OCPF.



William C. Campbell, Director