



LEGISLATION UPDATE

Massachusetts Office of Campaign
and Political Finance

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From the Director

Michael J. Sullivan

New campaign finance [legislation](#), recently signed into law by the governor, will impact many candidates. We hope this update will help you to understand the changes.

The primary change is that House, Senate and mayoral candidates in smaller cities will now file campaign finance reports in the depository bank reporting system.

Instead of four-to-five reports being filed during a two year election cycle, as it is now, reports will be filed monthly by a candidate's bank. Meanwhile, candidates will file deposit reports. OCPF's software will combine the two reports.

OCPF advocated for these changes because it's the best system for frequent and accurate campaign finance disclosure — a third party bank verifies a candidate's campaign finance activity.

It will take a combined effort between OCPF, candidates and banks to complete the transition, but we are confident that the candidates who migrate into the new system will appreciate it in the long-run. A timeline for the transition will be shared with everyone affected by the bill (by e-mail), and our office will help you along the way, step-by-step.

Please call with your questions.

Legislative, mayoral candidates will file in depository system

First in the nation legislation

Massachusetts will become the first state in the nation to require independent third party disclosure of campaign finance activity by candidates.

The new legislation, requiring banks to file monthly disclosure reports, was signed into law by Gov. Charles Baker on Nov. 26, transferring approximately 600 additional candidates to the bank reporting system. They join approximately 900 candidates and committees currently in the system.

This independent third-party campaign finance filing process – called “the depository system” – ensures accuracy and requires monthly public disclosure of activity.

“The public will see the data more frequently, and candidates can feel comfortable that their reports are accurate,” said OCPF Director Michael Sullivan. “Because reports are filed monthly by a third-party, OCPF's auditors can quickly identify any issues and work with candidates to fix them.”

Nearly 500 House and Senate candidates will transition into the depository campaign finance reporting system, as well as about 100 mayoral

candidates in cities of 65,000 or less. The transition will happen between now and early 2020.

In the depository system, candidates file reports that identify contributors, while banks file reports that itemize expenditures and provide a summary of receipts for the month.

OCPF reconciles the reports

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SUMMARY OF CHANGES

- House and Senate candidates, as well as mayoral candidates in cities with populations of 65,000 or less, will disclose campaign finance activity in the depository bank system.
- Depository committees (other than House and Senate) will now file monthly, rather than twice monthly.
- **Depository bank reports are due by the 5th of each month (previously the 5th and 20th).**
- OCPF is directed to establish regulations concerning social media and its use by appointed public employees.
- A commission will be created to study the use of campaign funds for family and child care.

Continued: House, Senate and mayoral candidates will enter the depository system

and posts them instantly on the web at www.ocpf.us.

The depository system is already in place for more than 900 candidates and committees, notably statewide candidates, mayoral and city council candidates in cities with populations of 65,000 or more, county candidates, and political action committees.

Candidates will transition from the non-depository system

Prior to the recent change in the law, House and Senate candidates, as well as mayoral candidates in smaller cities, filed campaign finance reports in the non-depository system.

In this disclosure process, candidates itemize all receipts and expenditures on campaign finance reports, but there is no third party to verify the accuracy of the information that is on display for the public.

“The non-depository system is a system that is, frankly, subject to human error and is inadequate,” Sullivan said. “Candidates report receipts and expenditures, and OCPF displays those reports on our website, but there was no mechanism to ensure that the disclosure in those reports was accurate.”

In the non-depository system, candidates can make small mistakes that compound over several years, causing discrepancies between the balances disclosed on campaign finance reports and the actual balance in the bank account.

“Working with the candidates and banks, OCPF will be able to assist in rectifying these mistakes as they happen,” Sullivan said. “This new legislation is good public policy, not only for public disclosure, but also for candidates.”

NEW FILING SCHEDULE FOR HOUSE AND SENATE CANDIDATES

ELECTION YEAR DEPOSIT REPORTS

Jan. 1—March 31, Due April 20

April 1 — June 30, Due July 20

Pre-Primary Deposits: The period is July 1 until 18 days prior to the primary election, due eight days prior to the primary election.

Pre-Election Deposits: The period is 17 days prior to the primary election until 18 days prior to the general election, due eight days prior to the general election.

Year-End Deposits: The period is 17 days prior to the general election until Dec. 31, due Jan. 20. In-kind contributions and liabilities are also disclosed.

NON ELECTION YEAR DEPOSIT REPORTS

| Period | Due Date |
|-----------------|--------------|
| Jan. 1—March 31 | Due April 20 |
| April 1—June 30 | Due July 20 |
| July 1—Sept. 30 | Due Oct. 20 |
| Oct. 1—Dec. 31 | Due Jan. 20 |

Banks will file reports monthly, due by the 5th, listing expenditures and providing a summary of deposits. Bank reports are filed each month, even if there is no activity.

The statutory schedule is displayed above. However, OCPF recommends filing deposit reports within three days of deposit. Deposit reports are only filed if deposits are made. **No deposit? No report.**

Candidates in the depository system must clarify expenditures, if the purpose of an expenditure is not clearly reported by the bank. All candidates are informed by e-mail when their banks file reports.

THE DEPOSITORY BANK SYSTEM FOR HOUSE, SENATE AND MAYORAL CANDIDATES

Organization

- Complete and file a form [CPF D103T with OCPF](#). This form is signed by the candidate's bank.
- OCPF [maintains a list](#) of banks that participate in the depository system.
- If your bank is not listed, you can ask them to participate. If the bank declines, you must move your account to a bank that does participate.

Reporting Requirements

- **The bank will file reports monthly**, by the 5th of the following month.
- The bank report itemizes expenditures and provides a summary total of all deposits for the one-month period.
- The reports are filed by the bank even if there is no activity for the period.
- Candidates **e-file deposit reports with OCPF** after making a deposit. OCPF recommends filing deposit reports within three days of deposit. **Deposit reports are only filed when a deposit is made.**

Expenditures

- Expenditures must be made through the campaign checking account, by **check** or committee **debit card**.
- **Debit Card:** Campaigns must append bank reports to clarify the purposes of debit card expenditures. This is done using OCPF's reporting system, R7.
- A committee **credit card** can be used. Credit card reports are required if a committee credit card is used.
- **Purpose information** must be detailed. For example, if a candidate hosts a campaign event on July 4 and pays a caterer, it should be listed like this:



The Year-End Report

- The year-end report automatically includes a summary total of a committee's receipts and expenditures for the calendar year.
- Committees only need to itemize in-kind contributions, liabilities and savings accounts.

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[CLICK HERE](#) for a short overview video of the depository system for House and Senate candidates

THE USE OF CAMPAIGN FUNDS FOR FAMILY AND CHILD CARE

The new legislation creates a special legislative commission to study the feasibility of allowing the use of campaign funds for family and child care services. The commission, after reviewing the issues surrounding the provision of family and child care, must submit a report, with recommendations for legislation, to the House and Senate no later than June 1, 2020.

SOCIAL MEDIA USE BY PUBLIC EMPLOYEES

The new legislation addresses the use of websites and social media by campaigns, including such use by appointed public employees. The new law requires OCPF to write regulations, in consultation with the state Ethics Commission, concerning the use of websites and social media for campaign purposes. The regulations may provide exemptions to the prohibition on indirect solicitations by public employees. Currently, public employees may not directly or indirectly solicit funds for any political purpose, including on social media.

OCPF DEPOSITORY SYSTEM TRAINING

OCPF will host several training sessions across the commonwealth. The seminars will be useful for House, Senate and mayoral candidates, as well as their treasurers and committee members. These are the seminars as of the date of this publication. Other seminars will be scheduled across the commonwealth. No RSVP is required.

- Peabody City Hall / Dec. 3 / 6 p.m.
- Pittsfield City Hall / Dec. 4 / 11 a.m.
- Northampton City Council Chambers (Annex) / Dec. 4 / 3 p.m.
- Northampton City Hall Hearing Room / Dec. 4 / 6 p.m.
- Ashburton Café / Boston / Dec. 5 / 11 a.m.
- Haverhill City Hall, Rm. 301 / Dec. 5 / 5:30 p.m.
- Ashburton Café / Boston / Dec. 10 / 1 p.m.
- Sturbridge Host Hotel / Dec. 10 / 6 p.m.
- Barnstable Town Hall / Dec. 11 / 1 p.m.
- Fall River City Hall Hearing Room / Dec. 11 / 6 p.m.
- Ashburton Café / Boston / Dec. 12 / 11 a.m.
- Taunton Public Library / Dec. 16 / 6 p.m.

What will you learn?

- An overview on how the depository system works
- Transition timelines
- Reporting schedules and deadlines
- How to file a deposit report using Reporter 7
- How to clarify expenditures
- How to make expenditures in the depository system

