

Advisory Opinion 1975-41

Investment or Savings Deposits of Contributions or Other Receipts

The Federal Election Commission renders this advisory opinion under 2 U.S.C. §437f in response to a request submitted by the Shuster for Congress Committee. The request was published in the Federal Register on September 3, 1975 (40 FR 40676). Interested parties were given an opportunity to submit comments relating to the request.

The requesting party seeks an advisory opinion as to whether a political committee may deposit contributions, sales, collections, loans, and/or transfers in an interest-bearing savings account in a State and/or national bank or may invest such funds in Government treasury notes.

The Commission concludes that a political committee may invest its funds in interest-bearing accounts in State or national banks or in Government treasury notes. However, certain procedures must be followed by political committees in order to insure proper disclosure of such transactions. All contributions to or receipts of a political committee must first be deposited in a checking account of an appropriate campaign depository. 2 U.S.C. §437b(a). An amount transferred from the checking account of a political committee's campaign depository to an income source must be returned, interest included, to the same campaign depository. No expenditure may be made from funds which are in an interest-bearing account or which are invested in treasury notes. If funds are transferred to a savings account in a bank other than those listed by the committee in its statement of organization pursuant to 2 U.S.C. SS 433(b)(9), the committee must submit an amended statement listing the bank so used within 10 days following the transfer. 2 U.S.C. § 433(c).

It is the Commission's view that the transfer of funds received by a political committee from the checking account of its campaign depository(ies) to an income source does not constitute an expenditure which must be reported by such committee under 2 U.S.C. §434(b)(9), (11). Rather, such a transfer represents merely a conversion of one form of "cash on hand" to another. Only the initial contributions to or receipts of a political committee and the subsequent receipt of income earned upon invested funds must be reported by the political committee. 2 U.S.C. §434(b)(2)(7)(8). For Commission auditing purposes, the campaign depository checking account statement retained by the committee will provide an adequate record of transfers of an amount to an income source and return of such amount.

The Commission notes that the foregoing opinion modifies the holding in Advisory Opinion 1975-10, decided August 21, 1975, and published at 40 FR 40674. The Commission now concludes that internal transfers of funds from a campaign checking account to interest bearing savings accounts or Government treasury notes need not be disclosed on the report of receipts and expenditures.

This advisory opinion is issued on an interim basis only pending the promulgation by the Commission of rules and regulations of general applicability.