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## Political Action Committee Formation and Reporting

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"Political Action Committee" shall mean any political committee as defined in subsection (h) which receives contributions and makes expenditures to, or on behalf of, any candidate other than a candidate's own authorized political committees or the political committees of any State, county, city, borough, township, ward or other regularly constituted party committee of any political party or political body. 25 P.S. § 3241 (2007)

### Formation

#### § 40:101. Organization and formation

A PAC is defined as any political committee that receives contributions and makes expenditures to, or on behalf of, any candidate other than a candidate's own authorized political committee or other regularly constituted political body. [25 Pa. Stat. § 3241\(f\)](#). Like other political committees, a PAC must have a treasurer and a chairperson. [25 Pa. Stat. § 3242\(a\)](#). Unless both these positions are filled, a PAC is prohibited from receiving contributions or making expenditures. [25 Pa. Stat. § 3242\(a\)](#).

### Registration

#### § 40:102. Registration—In-state PACs

Any PAC that receives contributions in an aggregate amount of \$250 or more is required to file a registration statement. [25 Pa. Stat. § 3244\(a\)](#). The content of this registration statement shall include the name, address and phone numbers of the political committee, treasurer, chairperson, other connected organizations, banks, safety deposit boxes or other repositories, the period of proposed operation and, if any, candidates and/or ballot questions being supported or opposed. [25 Pa. Stat. § 3244\(b\)](#).

#### ➔§ 3243. Authorization of political committee

No treasurer of any political committee shall receive any money on behalf of a candidate until such political committee shall have been so authorized in writing by the candidate on a form designed by the Secretary of the Commonwealth. A copy of such written authorization shall be filed with the appropriate supervisor; however the treasurer of any State, county, city, borough, township, ward or other regularly constituted party committee of any political party or political body is hereby authorized to receive money on behalf of the candidates of such political party or political body in a general, municipal or special election, without special written authorization from such candidate.

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### Reporting

#### § 40:104. Reporting—In-state PACs

Political action committees are required to report to the Secretary of the Commonwealth all expenditures to or made on behalf of any candidate in the same manner as indicated for a candidate's political committee. [25 Pa. Stat. § 3246\(j\)](#).

#### →§ 3246. Reporting by candidate and political committees and other persons

(a) Each treasurer of a political committee and each candidate for election to public office shall file with the appropriate supervisor reports of receipts and expenditures on forms, designed by the Secretary of the Commonwealth, if the amount received or expended or liabilities incurred shall exceed the sum of two hundred fifty dollars (\$250). Should such an amount not exceed two hundred fifty dollars (\$250), then the candidate or the treasurer of the committee shall file a sworn statement to that effect with the appropriate supervisor rather than the report required by this section.

(b) Each report shall include the following information:

(1) The full name, mailing address, occupation and name of employer, if any, or the principal place of business, if self-employed, of each person who has made one or more contributions to or for such committee or candidate within the reporting period in an aggregate amount or value in excess of two hundred fifty dollars (\$250), together with the amount and date of such contributions. The accuracy of the information furnished to the candidate or committee shall be the responsibility of the contributor.

(2) The full name and mailing address of each person who has made one or more contributions to or for such committee or candidate within the reporting period in an aggregate amount or value in excess of fifty dollars (\$50), together with the amount and date of such contributions. The accuracy of the information furnished by the contributor shall be the responsibility of the contributor.

(3) The total sum of individual contributions made to or for such committee or candidate during the reporting period and not reported under clauses (1) and (2).

(4) Each and every expenditure, the date made, the full name and address of the person to whom made and the purpose for which such expenditure was made.

(5) Any unpaid debts and liabilities, with the nature and amount of each, the date incurred and the full name and address of the person owed.

(6) The account shall include any unexpended balance of contributions or other receipts appearing from the last account filed.

(c) Vouchers or copies of vouchers for all sums expended amounting to more than twenty-five

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dollars (\$25) shall be retained by the candidate or the committee treasurer and shall be available for public inspection and copying as herein provided. Any person may inspect or copy such vouchers or copies thereof by filing a written request with the appropriate supervisory office which shall notify the candidate or political committee of such request. The candidate or political committee shall have the option of either forwarding such vouchers or copy of the same to the supervisor for such purpose or making the vouchers or copy of the same available to the requesting person. If a candidate or a treasurer of a political committee shall fail to make said vouchers or copies thereof available for inspection and copying when requested by the appropriate supervisory officer, such officer shall direct the candidate or political committee to promptly deliver the vouchers or copies thereof to the supervisory office for purposes of inspection and copying. Costs of copying and costs of delivery by the candidate or treasurer of the requested vouchers or copies thereof shall be borne by the person requesting same.

(d) Pre-election reports by candidates for offices to be voted for by the electors of the State at large and all political committees, which have expended money for the purpose of influencing the election of such candidate, shall be filed not later than the sixth Tuesday before and the second Friday before an election, provided that the initial pre-election report shall be complete as of fifty (50) days prior to the election and the subsequent pre-election report shall be complete as of fifteen (15) days prior to the election. Pre-election reports by all other candidates and political committees which have received contributions or made expenditures for the purpose of influencing an election shall be filed not later than the second Friday before an election, provided that such report is complete as of fifteen (15) days prior to the election.

(e) All candidates or political committees, required to file under this section, shall also file a post-election report not later than thirty (30) days after an election which shall be complete as of twenty (20) days after the election. In the case of a special election the post-election report shall be complete as of ten (10) days after such special election.

(f) Each report shall also contain a summary, on a separate page, of the information required by subsection (b).

(g) Every person, other than a political committee or candidate, who makes independent expenditures expressly advocating the election or defeat of a clearly identified candidate, or question appearing on the ballot, other than by contribution to a political committee or candidate, in an aggregate amount in excess of one hundred dollars (\$100) during a calendar year shall file with the appropriate supervisor, on a form prepared by the Secretary of the Commonwealth, a report which shall include the same information required of a candidate or political committee receiving such a contribution and, additionally, the name of the candidate or question supported or opposed. Reports required by this subsection shall be filed on dates

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on which reports by political committees making expenditures are required to report under this section.

(h) All reports required to be filed pursuant to this section shall be filed pursuant to section 1630. [\[FN1\]](#) All reports and statements required by this section shall cover the campaign activity of a candidate only from the last prior report or statement.

(i) An expenditure from a candidate's political committee to another political committee shall be reported as a contribution by the political committee receiving the contribution but need not be reported by the contributing candidate's political committee until the time required by law for that candidate's political committee to report: Provided, however, That if the amount of the contribution exceeds two hundred fifty dollars (\$250) to a single political committee or one thousand dollars (\$1,000) in aggregate contributions to more than one political committee for any primary, general or special election, then receipts and expenditures shall be reported by the contributing committee at the same time as required by law for the committee receiving same.

(j) All "Political Action Committees" shall report to the Secretary of the Commonwealth all expenditures to or made on behalf of, any Statewide candidate, candidate for the Pennsylvania House of Representatives, or candidate for the State Senate, in the same manner as indicated in this section as a candidate's political committee. This provision shall be in addition to any other filing and reporting provisions of this act which apply to such committees, their treasurers and chairmen.

### Allowed Contribution

#### **§ 40:82. Who may give—PACs, corporations and lobbyists' principals**

Pennsylvania law in no way limits PACs or lobbyists' principals from donating to political campaigns. Corporations and unincorporated associations, however, are limited unless the corporation or unincorporated association is formed primarily for political purposes or as a political committee. [25 Pa. Stat. § 3253](#).

#### **§ 40:84. How much may be given—PACs, corporations and lobbyists' principals**

Pennsylvania law in no way limits the amount that may be contributed by PACs and lobbyists' principals. Corporations and unincorporated associations, however, are strictly prohibited from making donations to political campaigns.

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### **§ 40:86. When contributions may be given—PACs, corporations and lobbyists' principals**

Pennsylvania law in no way limits the time frame under which PACs and lobbyists' principals may make contributions to a political campaign. The receipt of a contribution by an individual qualifies an individual as a "candidate." [25 Pa. Stat. § 3241\(a\)\(1\)](#). Corporations and unincorporated associations are strictly prohibited from making contributions to political campaigns. [25 Pa. Stat. § 3253](#).

### **§ 40:88. Reporting the contributions—PACs, corporations and lobbyists' principals**

Political action committees, PACs, are required to fulfill all the reporting requirements of Pennsylvania's campaign finance laws. [25 Pa. Stat. § 3246\(j\)](#). Specifically, PACs that receive and expend money for the purpose of influencing an election must file a report not later than the sixth Tuesday before and the second Friday before an election, provided that the initial preelection report shall be completed as of 50 days prior to the election and the subsequent preelection report shall be complete as of 15 days prior to the election. [25 Pa. Stat. § 3246\(d\)](#). Post-election reports are required to be filed not later than 30 days after the election and must be completed as of 20 days after the election. [25 Pa. Stat. § 3246\(e\)](#). The information contained in these reports must include the contributor's full name and mailing address and, when the contribution is in excess of \$250, the occupation and name of the employer of the contributor and the amount and date of the contribution. [25 Pa. Stat. § 3246\(b\)\(1\), \(2\)](#). In addition, such reports must include each and every expenditure, the date made, the full name and address of the person to whom the expenditure was made, the purpose of the expenditure, any unpaid debts and liabilities and the balance of unexpended contributions. [25 Pa. Stat. § 3246\(b\)](#). When a contribution or independent expenditure of \$500 or more is made by a PAC after the final preelection report has been completed, the PAC is required to notify the Secretary of the Commonwealth. [25 Pa. Stat. § 3248](#).

While corporations and unincorporated associations are precluded from contributing to candidates, all business entities including corporations which have been awarded non-bid contracts from the Commonwealth or its political subdivisions during the preceding calendar year are required to file a report with the Secretary of the Commonwealth by February 15. This report must itemize all political contributions known to the business entity via the knowledge of its officers, directors, associates, partners, limited partners or individual owner that has been made by any officer, director, associate, partner, limited partner, individual owner, employee or members of their immediate family when such contributions exceed an aggregate of \$1,000 by any individual during the preceding year. [25 Pa. Stat. § 3260a](#).

Although lobbyists' principals are not required to report contributions, any lobbyist who has given a contribution or pledge, regardless of the amount, to any candidate is subject to the same registration and reporting provisions as are political committees. [25 Pa. Stat. 3245](#).

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### Prohibited Activity

#### § 40:90. Prohibited practices—PACs, corporations and lobbyists' principals

Corporations and unincorporated associations are strictly prohibited from making contributions or expenditures in connection with the election of any candidate or for any political purpose whatever except in connection with any question to be voted on by the electors of the Commonwealth. [25 Pa. Stat. § 3253\(a\)](#). Political action committees that have received an aggregate amount of contributions of \$250 are prohibited from making a contribution to any candidate or political committee unless the PAC has registered with the appropriate authority. [25 Pa. Stat. § 3244\(d\)](#). Like individuals, PACs are precluded from making donations through agents and accepting and making contributions in currency in excess of \$100. [25 Pa. Stat. § 3254](#).

#### § 40:131. Where to go for help

When assistance is needed in the area of Pennsylvania campaign finance law, questions should be directed to:

Department of State  
Bureau of Commissions, Elections and Legislation  
210 North Office Building  
Harrisburg, PA 17120-0029  
(717) 787-5280  
<http://www.dos.state.pa.us/bcel>

#### § 40:132. Forms

The following forms are used in Pennsylvania:  
Political Committee Registration Statement (Form DSEB-500) – saved  
Campaign Finance Report (Form DSEB-502)  
Campaign Finance Statement (Form DSEB-503) - saved  
Authorization of a Political Committee to Receive Funds on Behalf of a Candidate (Form DSEB-501) – saved  
The forms are available online at [www.dos.state.pa.us/bcel](http://www.dos.state.pa.us/bcel).

### Taxes and Filing Requirements for 527 Political Organizations

Unless excepted, political organizations described in section 527 of the Internal Revenue Code are required to file some or all of four forms:

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- An [initial notice of status](#) on Form 8871, *Political Organization Notice of Section 527 Status*;
- [Periodic reports of contributions and expenditures](#) on Form 8872, *Report of Contributions and Expenditures*;
- Annual income tax returns on [Form 1120-POL](#), *U.S. Income Tax Return for Certain Political Organizations*; and
- Annual information returns on [Form 990](#), *Return of Organization Exempt from Income Tax*, or [Form 990-EZ](#), *Short Form Return of Organization Exempt from Income Tax*.

### Taxable Income for Political Organizations

A political organization is subject to tax on its political organization taxable income. Generally, this tax is calculated by multiplying the political organization taxable income by the highest rate of tax specified in §11(b). If the organization is the principal campaign committee of a candidate for U.S. Congress, the tax is calculated using the graduated rates specified in §11(b). The tax is paid with Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations.

The political organization taxable income equals its gross income (excluding exempt function income) less deductions allowed by the Code that are directly connected with producing gross income (excluding exempt function income), computed with certain modifications set forth in § 527, including a specific deduction of \$100. The exempt function income of a political organization is income that the organization sets aside for use for its exempt function that was received as one of the following four types of income: (1) a contribution of money or other property; (2) membership dues, fees, or assessments from a member of the political organization; (3) proceeds from a political fundraising or entertainment event or from the sale of political campaign materials, which are not received in the ordinary course of any trade or business; or (4) proceeds from conducting bingo games that are defined in § 513(f)(2). Thus, investment income, or income from a trade or business (such as renting excess office space to an unrelated organization), of a political organization is not exempt function income and is subject to tax. Taxable income includes exempt function income (such as contributions) for any period of time that a political organization does not file a Form 8871 as required.

For further information regarding tax issues for political organizations, see Election Year Issues. See Filing Requirements for more information. FAQs regarding the Annual Form Filing Requirements are also available.

### Initial Notice 8871 for 527 Political Organizations

To be tax-exempt, a political organization is required to notify the IRS electronically that the organization is to be treated as a section 527 organization (see below for political organizations excepted from this filing requirement). It must also notify the IRS within 30 days of any material change, including termination, to maintain its tax-exempt status .

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To notify the IRS, the organization must file Form 8871, Political Organization Notice of Section 527 Status. After electronically submitting Form 8871, the political organization must print, sign, date, and send Form 8453-X, Political Organization Declaration for Electronic Filing of Notice of Section 527 Status, to Internal Revenue Service, Ogden, UT 84201. Upon receipt of the Form 8453-X, the IRS will send the organization a username and password that must be used to file an amended or final Form 8871 or to electronically file Form 8872.

The following political organizations are not required to file Form 8871 [initial notice of status](#) on Form 8871, *Political Organization Notice of Section 527 Status*; ):

- Any organization required to report to the Federal Election Commission as a political committee,
- Committees of state or local candidates,
- State or local committees of a political party, and
- Any organization reasonably anticipating that it will always have less than \$25,000 for any taxable year.

To search for and view notices filed with the IRS under section 527, see Political Organization Filing and Disclosure.

### Sources:

Lobbying, PACs, and Campaign Finance: 50 State Handbook

Pennsylvania Statutes Annotated (Title 15 and Title 23)

Internal Revenue Service – [www.irs.gov](http://www.irs.gov)

Sharmil McKee  
Attorney  
McKee Law Office  
Telephone: 215-242-5260  
[sm@mckeeoffice.com](mailto:sm@mckeeoffice.com)  
[www.mckeeoffice.com](http://www.mckeeoffice.com)

