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STATE OF MONTANA

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Constituent Services Accounts

This handout is meant to answer common questions. If you have an account, or plan to open one, you're strongly encouraged to study the statutes and rules applicable to constituent services accounts. There is a link to the applicable rules from our homepage at www.politicalpractices.mt.gov

1. What's changed?

- ✓ The 2007 legislation formalized restrictions on spending these funds, and strictly limited what money can be placed in the account. Detailed reporting requirements were added.
- ✓ Rules were completed in September 2008 following a comment period and hearing.
- ✓ Legislation passed in 2009 (HB 622) requires that "pre-existing accounts" be promptly closed (see #4 below). It also expanded the list of eligible elected officials to include certain local officials. (Those who are required to disclose campaign contributions and expenditures under Sections 13-37-229 and 230, MCA are now eligible to hold a constituent services account.)

2. Can I use the same bank account for my campaign account and my constituent services account, or do I have to open a new account?

Separate accounts are encouraged to simplify accounting. However, some candidates choose to use their existing campaign accounts and just change the name on the account.

If you use your existing account, supporting documentation must accompany the Form C-118C. It must include proof of the name change and verification of the amount remaining in the account -- the remaining balance in a closing report for the campaign account must be the same as the opening balance in the constituent services account.

3. How long can I keep a campaign account open and how do I report if I don't close the account?

There's no requirement that a campaign account be closed within a specific time-frame or by a certain date. The statute says a "closing report shall be filed following an election whenever all debts and obligations are extinguished and no further contributions or expenditures will be received or made which relate to the campaign. . ." (13-37-228(3), MCA.) Constituent Services Accounts Page 2 of 3 2/26/2010

4. I have money in a constituent services account -- some from surplus campaign funds and some from other sources. Is there something I need to do to comply with the new law?

The 2009 legislature passed HB 622 requiring that "old" constituent services accounts must be closed on or before July 1, 2009, and the funds donated to charity or transferred to a new account established and maintained under the current statute and rules. The only other funds that can be deposited in a constituent services account are **surplus campaign funds and bank interest**. (If you still have an "old" constituent services account and missed the July 1, 2009 deadline, the account should be closed as soon as possible.)

5. Are travel expenses reimbursable using constituent services account funds?

You may be reimbursed for travel, meal and lodging expenses incurred to provide constituent services (at the rates and reimbursements levels adopted by the Department of Administration). A member of your immediate family may not, however. (See 44.10.540(2), ARM) There's more on this topic in the next question.

6. Can an immediate family member run errands for an eligible elected official and be reimbursed for mileage?

Yes. However, compensation or any other payment to an elected official's immediate family member for time spent or services rendered to provide constituent services is prohibited.

7. Can I have two or more constituent accounts at the same time?

No. All "old" constituent services accounts (those established prior to May 14, 2007) must be closed, and the remaining funds either donated to charity or deposited in a new constituent services account established and maintained under the current rules.

8. What are acceptable expenditures from my account?

They're listed in 44.10.540, ARM. The list is extensive, so it's not reproduced here.

9. How do I report?

- ✓ Quarterly reports are required – on or before **April 10, July 10, October 10, and January 10**, unless the account is closed. The reporting form (Form C-8) is available for download from our website. If you need a form mailed to you, contact the CPP office.
- ✓ Reports must include all expenditures made and interest accrued through the end of the calendar quarter on which the quarterly report is due.
- ✓ In addition, all expenditures from a constituent services account must be supported by a written log kept by the candidate or his or her treasurer, documenting at least one constituent on whose behalf the constituent services were provided. (See 44.10.542(4)(b), ARM.) This requirement is in keeping with the directive in 13-37-401 and 13-37-402, MCA, that funds only be used for constituent services ("to represent and serve constituents"). The log is to be kept as part of your records – it's not part of the quarterly reporting.

10. How long can I keep my constituent services account open? What happens when I leave office?

You must close a constituent services account within 120 days after leaving public office (as defined in 44.10.536(7), ARM.)

Surplus constituent services funds may be donated to any organization or entity, so long as the use of the funds will not violate the personal benefit or campaign contribution prohibitions of 13-37-240 and 13-37-402, MCA, and 44.10.336, ARM.

11. Can I use constituent services account funds to attend a political party (e.g., central committee) event?

No. Constituent services account funds may not be used to pay for direct or indirect expenses related to attendance at a meeting, fundraiser, or gathering at which contributions will be solicited or received by any person, including a political party, political party committee, candidate, or person or committee supporting or opposing a candidate or ballot issue. (See 44.10.540(6)(e), ARM.)

Political Party Committees are generally established to support or oppose candidates and/or ballot issues; therefore, it's likely solicitation for or receipt of contributions will occur at such gatherings. In addition, a constituent services account must be used to represent and serve constituents. It is unlikely that attending a political party event would qualify as a constituent service.

12. Can I use constituent account funds to purchase electronic devices such as blackberries, laptops, cell phones, etc?

Keep in mind that expenditures must be made strictly for services to constituents. Personal use of campaign funds (in this instance, funds now converted to constituent service) is strictly prohibited. (See 13-37-240, MCA.) If the device will be used to any extent for personal or business use, then only the constituent services portion can be paid with these funds.

When you leave public office, any office supply or equipment purchased with campaign/constituent services account funds that has some remaining value must be donated to charity, or purchased at fair market value with the proceeds donated to charity. (See 44.10.540(3) and (4), ARM.)

13. NCSL is offering a workshop out-of-state that I'm interested in. Can I use constituent services funds to pay for the workshop and my travel expenses?

Payment of expenses related to education, workshops, and conference participation that are incurred to represent and serve constituents is authorized. (See 44.10.540(1)(g), ARM.)

14. How long am I required to keep my constituent account records?

All records and reports filed must be maintained for four years after the constituent account is closed.

If you find you need additional clarification, send an e-mail to cpphelp@mt.gov, or call 406 444-2942.