

Board of Elections
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**POLICY
ON THE
PERMITTED/PROHIBITED USES OF CAMPAIGN FUNDS**

The within policy is hereby adopted by the Board of Elections (the “Board”) for the purpose of clarifying and expounding on the provisions and requirements of §17-25-7.2 of the Rhode Island Campaign Finance & Expenditures Reporting Act (the “Act”) regarding the permitted and prohibited used of campaign funds.

(Note: The policy adopted by the Board appears in *italics* beneath the specific expenditure item which the Board is seeking to address with the adoption of said policy.)

17-25.7.2 Personal use of campaign funds prohibited. –

- a) The personal use by any elected public office holder or by any candidate for public office, as defined in § 17-25-3, of campaign funds contributed after April 29, 1992, shall be prohibited. For the purpose of this section, “personal use” is defined as any use other than expenditures related to gaining or holding office and for which the candidate for public office or elected public official would be required to treat the amount of the expenditure as gross income under § 61 of the Internal Revenue Code of the United States, as from time to time amended.

- b) Expenditures that are specifically prohibited under this chapter include:
 - 1) Any residential or household items, supplies or expenditures, including mortgage, rent or utility payments for any part of any personal residence of a candidate or officeholder or a member of the candidate’s or officeholder’s family;
 - 2) Mortgage, rent or utility payments for any part of any non-residential property that is owned by a candidate or officeholder or a member of a candidate’s or officeholder’s family and used for campaign purposes, to the extent the payments exceed the fair market value of the property usage;
 - 3) Funeral, cremation, or burial expenses, including any expenses related to deaths within a candidate’s or officeholder’s family;
 - 4) Clothing, other than items of de minimis value that are used in the campaign;

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17-25-7.2(b)(4) (cont.)

- a) *Expenditures for clothing shall be limited to items of de minimis value which display the candidate's name or message, or which promote the advocacy or defeat of an issue, or ballot question. The cost per unit of said clothing shall not exceed twenty-five dollars (\$25.00).*
 - b) *Clothing which is rented for a specific campaign or officeholder activity shall be deemed an allowable expense, provided that the campaign making said rental shall be required to report the item rented and the specific campaign or officeholder activity for which it was rented.*
 - 5) Tuition payments;
 - 6) Dues, fees or gratuities at a country club, health club, recreational facility or other nonpolitical organization, unless part of a specific fundraising event that takes place on the organization's premises;
 - 7) Salary payments to a member of a candidate's family, unless the family member is providing bona fide services to the campaign. If a family member provides bona fide services to a campaign, any salary payments in excess of the fair market value of the services provided is personal use;
 - 8) Admission to a sporting event, concert, theater, or other form of entertainment, unless part of a specific campaign or officeholder activity.
 - a) *The purchase of "season tickets" is prohibited.*
 - b) *Individual tickets for individual events purchased as part of a specific campaign or officeholder activity is a permitted use of campaign funds, provided, that the campaign making said purchase shall be required to report the specific campaign or officeholder activity participated in and its purpose.*
 - 9) Payments of any fines, fees or penalties assessed pursuant to this chapter.
- c) Any expense that results from campaign or officeholder activity is permitted use of campaign funds. Such expenditures may include:
- 1) The defrayal or ordinary and necessary expenses of a candidate or officeholder;
 - 2) Office expenses and equipment, provided the expenditures and the use of the equipment can be directly attributable to the campaign or the officeholder's duties and responsibilities;
 - 3) Donations to charitable organizations, provided the candidate or officeholder does not personally benefit from the donation or receive compensation from the recipient organization;

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17-25-7.2(c) (cont.)

- 4) Travel expenses for an officeholder, provided that the travel is undertaken as an ordinary and necessary expense of seeking, holding, or maintaining public office, or seeking, holding, or maintaining a position within the legislature or other publicly elected body. If a candidate or officeholder uses campaign funds to pay expenses associated with travel that involves both personal activities and campaign or officeholders activities, the incremental expenses that result from the personal activities are personal use, unless the person(s) benefiting from this use reimburse(s) the campaign account within thirty (30) days for the amount of the incremental expenses.
 - a) *In-State Travel: A candidate or officeholder is permitted to expend campaign funds for travel directly related to a campaign or officeholder activity. A candidate or officeholder expending funds for in-state travel shall be required to file a "Vehicle Travel Accounting Report" (Form CF-101) ("MV Travel Report") (see "Exhibit A"). A candidate or officeholder may seek reimbursement at a rate established by the Internal Revenue Service (IRS) for the year in which the travel is incurred.*
 - b) *Vehicle repair costs are prohibited.*
 - c) *The rental of a vehicle for a specific campaign or officeholder activity is permitted, provided that said campaign or officeholder activity must be reported.*
 - d) *The leasing of vehicles is prohibited, provided that the candidate or officeholder, who contends that the leasing of a vehicle is necessary for a campaign or for the officeholder to execute the duties of his or her office may, prior to using funds from a campaign account, file a request with the Board of Elections seeking authorization to use said funds to lease a vehicle.*
- 5) Gifts of nominal value and donations of a nominal amount made on a special occasion such as a holiday, graduation, marriage, retirement or death, unless made to a member of the candidate's or officeholder's family.
 - a) *"Nominal Value" shall mean a gift that does not exceed one hundred dollars (\$100.00) per occasion, unless otherwise authorized by the Board of Elections prior to said expenditure being incurred.*
- 6) Meal expenses which are incurred as part of a campaign activity or as part of a function that is related to the candidate's or officeholder's responsibilities, including meals between and among candidate's and/or officeholders that are incurred as an ordinary and necessary expense of seeking, holding, or maintaining public office, or seeking, holding, or maintaining a position within the legislature or other publicly elected body;
- 7) Food and beverages that are purchased as part of a campaign or officeholder activity.

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17-25-7.2 (cont.)

Other:

- a) *The use of funds from a campaign account for the purpose of grooming or enhancing one's personal appearance is prohibited. Such prohibited expenditures include, but are not limited to: cosmetic surgery, haircuts, hairpieces, make-up, etc., provided that if said expenditure is incurred for the purpose of a specific candidate or officeholder activity, i.e., a debate, or the appearance on television or other public forum, and, provided further, that the candidate or officeholder can demonstrate that said expenditure was a necessary expenditure for said activity. Moreover, a candidate or officeholder seeking to expend funds for said purpose shall be required to report the specific candidate or officeholder activity for which said expenditure was required.*
- d) Any campaign funds not used to pay for the expenses of gaining or holding public office may:
 - 1) Be maintained in a campaign account(s);
 - 2) Be donated to a candidate for public office, to a political organization, or to a political action committee, subject to the limitation on contributions in § 17-25-10.1;
 - 3) Be transferred in whole or in part into a newly established political action committee;
 - 4) Be donated to a tax exempt charitable organization as that term is used in § 501(c)(3) of the Internal Revenue Code of 1986, 26 U.S.C. § 501, or any subsequent corresponding internal revenue code of the United States as from time to time amended;
 - 5) Be donated to the state of Rhode Island; or
 - 6) Be returned to the donor.

The within policy is hereby adopted by the Board of Elections this 1st day of June 2004.

Roger N. Begin
Chairman

	"Exhibit A"
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