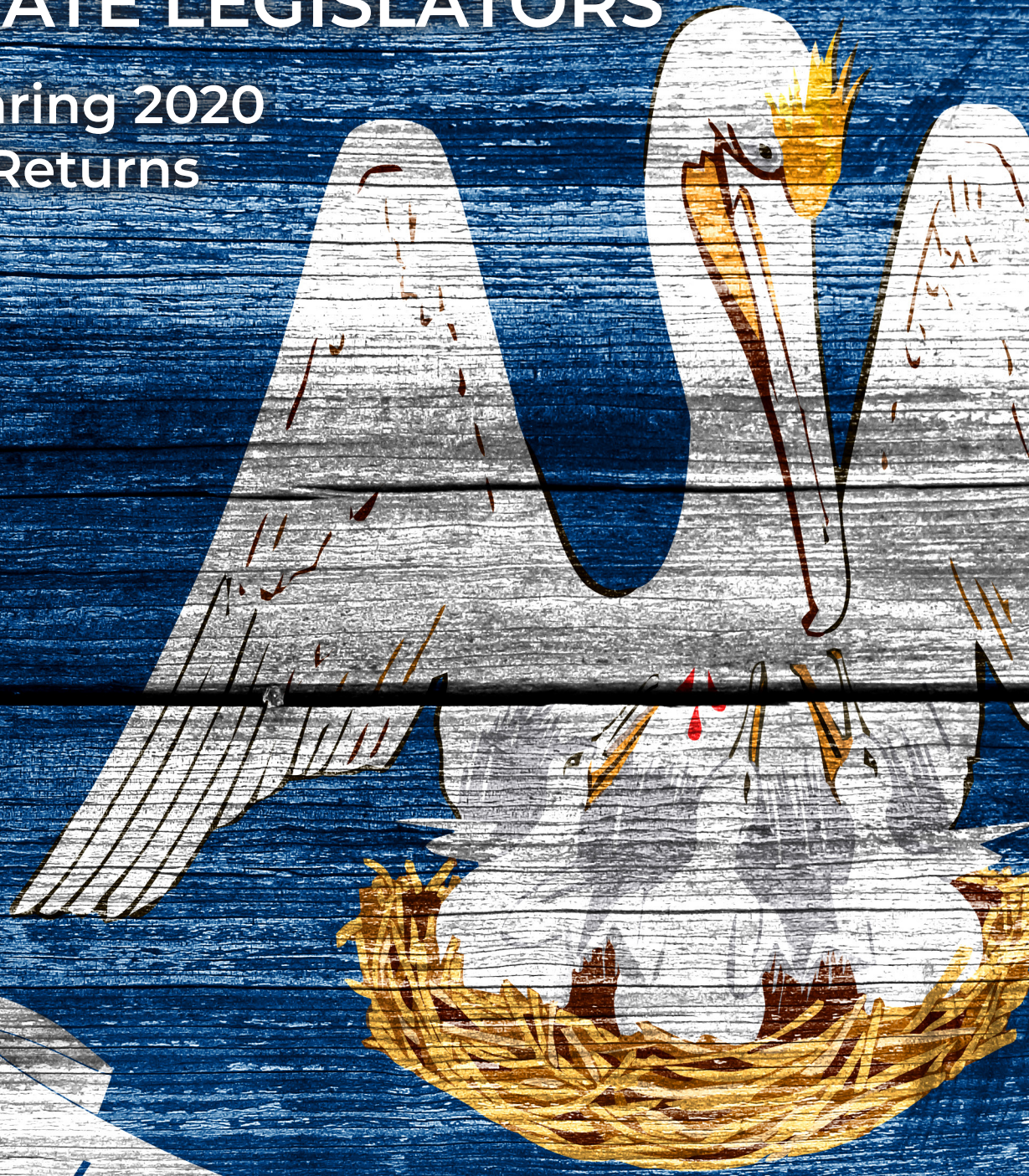


INCOME TAX GUIDE FOR STATE LEGISLATORS

For Preparing 2020
Tax Year Returns



UNION JUSTICE CONF



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Society of Louisiana CPAs



Society of Louisiana Certified Public Accountants

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The Society of Louisiana Certified Public Accountants is pleased to present this *Income Tax Guide for State Legislators for Preparing 2020 Tax Year Returns*. It has been developed specifically for members of the Louisiana Legislature and will be helpful to you in answering some frequently raised questions concerning income tax laws as they relate to your unique position as an elected official.

Rules governing taxation are continually changing and evolving because they are affected not only by legislation but also by the decisions of courts and pronouncements by the Internal Revenue Service. Consequently, the material contained in this income tax guide may be considered current only as of the publication date.

It is important to note that this guide contains significant changes related to the new tax laws passed December 2017 called the Tax Cut and Jobs Act, which are effective for the 2018 tax year through December 2025. Please carefully review this guide and consult your CPA for answers to any questions you may have regarding these tax changes.

For tax issues not addressed in this guide, for consultation on other tax or accounting questions and assistance in the preparation of your various income tax returns, we suggest that you contact your trusted CPA.



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In memory of Donna Budenski for her many years of assistance in preparing this publication.

Questions or comments?

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PREFACE

CPAs as Trusted Advisors

CPAs act as advisors to individuals, business, financial institutions, nonprofit organizations, and government agencies on a wide range of financial matters.

Today, many turn to CPAs for help with: tax preparation and planning; estate, trust and retirement planning; personal financial planning; budgeting; management advisory services; computing services; financial management and financial forecasting; and auditing, review and compilation of financial statements.

CPAs also serve in management within companies of all sizes. As corporate managers, they perform many of the same services that “outside” CPAs do. They also bring specialized expertise and insight to management issues, helping to re-engineer company finance functions, structure transactions for the capital markets; manage employee benefit plans and prepare and analyze financial and operational information for management decision-making. Whether chief financial officer, controller or head of human resources, CPAs are trusted members of many successful companies’ senior management teams.

Holders of the certified public accountant certificate issued by the State of Louisiana, or by other states, maintain the highest professional standards and integrity in the practice of accountancy.

To qualify for certification and a Louisiana state license to practice public accounting, a CPA must:

- Have fulfilled stringent education requirements;
- Have passed the comprehensive Uniform CPA Examination covering accounting practice and theory, taxes, commercial law, and auditing;
- Obtain 40 hours of continuing professional education annually (a minimum of 20 hours each year, with each two-year period equaling at least 80 hours), with additional minimum requirements for CPAs who perform attest services;
- Abide by the Code of Professional Conduct, one of the most exacting of any profession, which stresses independence, integrity, objectivity, technical competence and adherence to professional standards and emphasizes the CPA’s commitment to serving and protecting the public interest.

The Society of Louisiana Certified Public Accountants (LCPA), organized in 1911, is a non-profit, professional association with more than 7,000 CPAs and future CPAs living and working in nine active chapters throughout the state, as well as US and international locations. LCPA is the state’s premier organization of accountants.

The following are the members of the Louisiana Legislator’s Tax Guide Subcommittee of LCPA’s Federal Taxation Committee:

- Dennis W. Dillon, CPA
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Special thanks to the Office of the Senate Secretary for assistance in the preparation of this Tax Guide.



INTRODUCTION

As a Legislator

Tax Impact of the 2017 Tax Cuts and Jobs Act on Business Expenses for State Legislators

As a legislator, you are considered to be an employee of the state of Louisiana for federal and state income tax purposes, and you will receive a W-2 form from the state. This W-2 will reflect your salary, session per diem, interim committee per diem, and special travel per diem. You may also receive mileage and district office reimbursements that are not included in your W-2.

The Tax Cuts and Jobs Act ("TCJA") passed at the end of 2017 changes the ability of state legislators to deduct or obtain tax-free treatment for travel, lodging or other living expenses in connection with legislative service.

The Internal Revenue Code previously provided benefits for state legislators, if a legislator's place of residence is more than 50 miles from the state capitol building. This provision allows a qualified state legislator to elect to treat his/her place of residence within his/her legislative district to be considered his/her home for tax purposes. Thus, he/she will be considered to be away from home on any day that the legislature is in session or on any day when not in session but the legislator's presence is formally recorded at a committee meeting. This allowed a certain amount of deemed travel, lodging and living expenses incurred by the legislator during each legislative day to be deductible by reason of being away from home for legislative activities. Prior to the TCJA, a legislator could obtain this special tax treatment by making the election and taking a deduction for the travel, lodging and living expenses as a miscellaneous itemized deduction on Schedule A of form 1040. This deduction is generally no longer allowed because the TCJA suspended all miscellaneous itemized deductions through 2025.

Because the state legislature does not currently have an accountable plan with regard to the payment of the per diems, any per diem amounts are included in W-2 wages and subject to income tax. An offsetting itemized deduction is no longer available as discussed above. The state legislature would need to carefully review changes that would need to be made in order to have an accountable plan in future years.

The purpose of this document is not to provide tax advice or opinions to state legislators and is for general guidance only. Each legislator will want to discuss these issues with their experienced tax preparer based on their facts and circumstances.

This Income Tax Guide represents an overview of the income tax laws as they affect you. You should consult your certified public accountant, or another tax advisor, who can assess your particular situation and determine appropriate treatment. A discussion of the Affordable Care Act is beyond the scope of this publication.

Deduction of Business Expense Comparison

Item	Prior to 2018	Tax Year 2018-2025
Automobile and Travel Expenses	Allowed as a miscellaneous deduction on Form 2106.	Repealed
Living Expenses – Meals and Lodging	Allowed as a miscellaneous deduction on Form 2106.	Repealed
Living Expenses – Per Diem Allowance	Allowed as a miscellaneous deduction on Form 2106.	Repealed
Election to Treat Residence as Tax Home	Election filed to insure deduction for travel expenses.	An accountable plan has to be in place. See pg 5.
Health Insurance: Taxation of Premiums	Premiums not included in gross income of legislator	No change
Office Expenses	Allowed as a miscellaneous deduction on Form 2106.	Repealed
Advertising	Allowed as a miscellaneous deduction on Form 2106.	Repealed
Entertainment and Business Meals	Allowed as a miscellaneous deduction on Form 2106.	Repealed
Telephone and Other Expenses	Allowed as a miscellaneous deduction on Form 2106.	Repealed



HEALTH INSURANCE

Taxation of Health Insurance Premiums Paid by the State

Are health insurance premiums paid by the state on my behalf taxable to me?

LA R.S. 42:851 provides that state employees are eligible for health insurance coverage. The state's legal staff determined that elected officials may choose to participate in the State Employees Group Benefits Program or another health insurance program available to employees, under which the premiums are paid as provided by law.

Because the premiums would be paid directly to the insurer (and not to the official to remit to the insurer), the premium payments would not be included in the gross income of the employee. Similarly, these amounts would not be subject to federal income or employment taxes (IRC §3121(a)(2)).

Do health insurance plans offered by the State Employees Group Benefits Program meet the definition of “minimum essential coverage” under the Affordable Care Act to avoid paying the penalty for not having health insurance coverage?

Yes, these plans do meet the requirements of “minimum essential coverage.” However, beginning in 2019 and beyond, the Tax Cuts and Jobs Act has eliminated the penalty.



OFFICE EXPENSES

The Legislature provides both a \$500 monthly allowance and a \$1,500 monthly supplemental allowance for home district office expenses and a \$500 (unvouchered) monthly expense allowance. How do these amounts affect my taxable income and my deductions for expenses incurred on my personal income tax return?

First, the home district office reimbursement is for rental of office space in a building located in the parish the member represents and other costs of maintaining a district office. Each legislator must file an itemized statement of expenses including supporting invoices or receipts for each month, prior to receiving reimbursement of actual expenses. It cannot be used for home office expenses in the legislator's residence or any other property owned wholly or in part by the legislator or a member of the legislator's family. As mentioned at the top of page 5, district office reimbursements are not included in your W-2 wages nor subject to withholding tax. Rents, utilities, maintenance, and other office expenses incurred exceeding the reimbursed amounts are no longer deductible expenses as a result of the December 2017 Tax Cuts and Jobs Act.

Second, the unvouchered expense allowance of \$500 per month is subject to withholding and income taxes and is included in income as Form W-2 wages. It is paid to each member for undesignated expenses incurred in connection with the holding or conduct of their office.

May I deduct any cost of my home as a business expense?

Typically, if you maintain a downtown office in your home district in which you conduct your legislative activities, a deduction would not normally be allowed for an office in your home. With the passage of TCJA in December of 2017 this deduction, even if previously allowed, has been repealed.



PERSONAL FINANCIAL DISCLOSURE

Do I have to file an annual Financial Disclosure Report with the Louisiana Board of Ethics?

Yes. The annual personal financial disclosure provisions in the ethics code that apply to legislators generally require the disclosure of certain specified information concerning income, employment, property, business associations, investments, liabilities, and transactions. Also required is disclosure of specified information, including value, regarding certain purchases or sales of immovable property, stocks, and other securities (subject to specific exceptions). Generally, except for amounts of income received from public sources and gaming interests, amounts are disclosed by category of value.

How often do I have to file the report and what is the deadline for filing the report?

The financial disclosure report must be filed by May 15th each year the office is held and the year following the termination of the holding of the office. However, a legislator may file his/her financial disclosure statement within 30 days after filing his/her federal tax return for the year for which the report is filed, BUT ONLY IF he/she has timely filed for an extension for filing the federal income tax return AND he/she notifies the Board of Ethics prior to the annual May 15 deadline of his/her intention to do so.

Where can I find more information on financial disclosure reporting?

Financial disclosure forms and instructions and other information are made available by the Board of Ethics (<http://ethics.la.gov>). There are other disclosure requirements in the ethics code regarding certain transactions with the state, certain contracts with the state, and certain transactions with the legislative branch of state government which apply to legislators and immediate family members of legislators and related entities. It is important to contact the Board of Ethics regarding the applicability of these provisions to the individual facts and circumstances involved.



CAMPAIGN EXPENSES AND CONTRIBUTIONS

Are my campaign expenses deductible for tax purposes?

In 1962 Congress passed legislation that prohibits all deductions for expenditures in any political campaign by a candidate for public office.

A candidate's campaign expenditures out of his/her resources are not deductible as ordinary business expenses for income tax purposes. This is true even though a public office is defined as a trade or business. Additionally, these expenses may not be amortized as capital expenditures over the term of office.

Campaign expenses paid from a candidate's private resources are considered non-deductible personal expenses regardless of the result of the election. Such expenses would include the cost of attending a political convention; contributions to the party that sponsored the candidacy; expenses of campaigning, travel and campaign advertising; expenses of successfully defending a contested election; filing fees; and the cost of legal fees paid in litigation over redistricting. However, once elected, an individual defending his/her right to an elected office may deduct the expenses incurred in defending against a recall campaign.

Even though political office may be viewed as a stepping stone to some other business or profession, this is not enough to change the result. Thus, political campaign expenses are not deductible by a lawyer seeking election as a legislator in the hope that the exposure will build his/her professional practice. Even though a candidate feels that his/her professional reputation was damaged during a political campaign, he/she cannot deduct the cost of any defamation litigation for allegations published during the campaign.

May I handle my campaign finances through my personal legislative office checking account?

No. The Louisiana Election Campaign Finance Disclosure Act requires that all candidates designate one or more state or national banks or state or federally chartered savings and loan associations or savings banks or state or federally chartered credit unions as a campaign depository. In 1997, the Legislature passed Act No. 863 which allows campaign funds to be deposited in a money market mutual fund and designated as a campaign depository. Separate accounts should be maintained.

Are campaign receipts and expenditures subject to Internal Revenue Service review?

Yes. However, the Internal Revenue Service has ruled that campaign contributions and political gifts used solely for the expenses of an election campaign or similar purpose are not taxable income to the candidate. Any contributions that are used for personal purposes must be included in the candidate's taxable income. You should keep in mind that personal use of campaign funds is illegal under Louisiana law.

Is it permissible to commingle political funds with personal funds?

No. If funds are commingled to make tracing impractical, the entire fund will be presumed devoted to personal use and deemed taxable income to the candidate, and the act of commingling would also be considered a violation of Louisiana law.

How should I account for proceeds derived from fund-raising dinners or testimonial dinners?

The accounting and reporting for dinner proceeds are the same as for campaign contributions.

How should I account for currency contributions?

Currency contributions in excess of \$100 are illegal. Receipts for currency contributions of \$100 or less shall contain the name, address, and social security number of the contributor and be signed by the contributor, and the candidate or campaign fund shall retain a copy and provide a copy to the contributor. Effective January 1, 2021, the social security number of the cash contributor is no longer required per Act 161 of the 2020 RS amended R.S. 18:1505.2(C).

Are contributions of property recorded in the same manner as cash?

Yes. The fair market value on the date of the contribution should be acknowledged as the amount of the contribution.

Can my political campaign committee receive contributions from foreign nationals?

No. Act No. 1164 passed by the Legislature in 1997 prohibits contributions by any foreign government entity, foreign business entity not qualified to do business in Louisiana, or an individual not a resident of the United States and not a citizen of the United States.

Are contributions to my campaign eligible for a political contributions credit or deductible as itemized deductions on the individual contributor's tax return?

No. There is no longer any provision for a tax credit or deduction for campaign contributions.

What type of expenditures may be paid from campaign contributions?

The general rule concerning the expenditure of campaign funds is that the funds must be expended for a use related to a political campaign or the holding of a public office.

Examples of expenditures properly payable from campaign contributions include:

1. Generally recognized campaign expenses.
2. Contributions to the national, state or local committee of the candidate's party.
3. Reimbursements to the political candidate for out-of-pocket campaign expenses paid by him. However, all campaign expenditures should be made directly to the recipient on a check drawn on the account of the campaign.

An opinion issued by the Board of Ethics for Elected Officials acting as the Supervisory Committee on Campaign Finance Disclosure provided additional guidance by permitting the following expenditures (Ethics Board Opinion No. 91-050):

1. Donations to bona fide charitable or governmental organizations such as churches, schools, and civic organizations, as long as these types of expenditures are reasonable and customary.
2. The purchase or lease of telephone equipment provided the primary purpose is to facilitate the campaign or the holding of public office.
3. Payment of membership dues directly related to holding public office. Examples include the State Legislators' National Conference, Common Cause, Public Affairs Research Council, etc.
4. Expenses of operating a district office. However, funds should not be used to compensate persons who would be considered public employees for the performance of duties and responsibilities of their public office or position.
5. Expenses for attendance of a legislative session or interim committee meeting, including transportation, meals, and lodging, to the extent these expenses are not otherwise reimbursed through the Legislature.
6. Flowers for funerals or serious illnesses of constituents or graduation gifts to young people in the legislator's district.

Expenditures for transporting electors to polling places for purposes of voting are strictly prohibited and subject to civil fines. However, a candidate may pay a bona fide bus, taxi, or transportation service, which holds a license or permit.

What is the tax status of unexpended balances of political funds refunded to contributors?

Campaign funds may be refunded to all contributors on a pro-rata basis. For tax purposes, unexpended balances of political funds that are repaid to contributors are not considered to be either expended or diverted and, therefore, are not taxable income to the candidate or income to the original contributor.

In what other ways may unexpended balances of political funds be disposed of without being taxable to the candidate?

Unexpended balances of political funds may be contributed to or for the use of another political organization subject to the contribution limits; transferred to the general fund of the U.S. Treasury or of any state or local government; or transferred to or for the use of an exempt public charity without being considered to be expended, diverted or taxable to the candidate. Alternatively, funds may be held in reasonable anticipation of being used for future campaign purposes without being considered a disposition.

What reporting is required of a political committee, organization, association or fund formed for the purpose of managing expenses of a candidate?

Such an entity is considered an association taxable as a corporation and Form 1120-POL must be filed annually. The return is due on or before the fifteenth day of the fourth month after the end of the taxable year. The return must be filed with the Internal Revenue Service Center, Ogden, UT 84201. A political organization, other than a newsletter fund is not required to file Form 1120-POL if its taxable income before the specific deduction of \$100 is \$100 or less. (Newsletter funds cannot even claim the specific deduction of \$100.) Political organizations that are not required to report certain information to the federal government or Louisiana generally must (1) file Form 8871 and send the IRS an electronic message within 24 hours of its formation, (2) report the organization's contributions and expenditures to the IRS on Form 8872 (the frequency of these reports depends upon whether they are made during a federal election year), and (3) if the political organization has gross receipts of more than \$25,000, it must annually file Form 990. Prior to the passage of P.L. 107-276 in October 2002, most state and local political organizations were also required to comply with these requirements. The 2002 law, however, removed these reporting requirements for most state and local political organizations retroactively, specifically including candidates for state and local office in the state and local group.

If the campaign files Form 1120-POL, the campaign is also required to file a Louisiana corporate income tax return. If the campaign is incorporated, the campaign may have to pay a Louisiana franchise tax with the tax return.

If you operate your campaign through or in the name of a committee, you are required to register that committee annually with the Campaign Finance Office of the Louisiana Board of Ethics. You must file a Statement of Organization, which requires a \$100 filing fee, as well as a Designation of Principal/Subsidiary Campaign Committee. The forms may be downloaded from <http://ethics.la.gov>.

What items would be reported and subject to tax on the 1120-POL?

All receipts and expenditures not related to tax-exempt campaign activities must be reported on the 1120-POL. Generally, these types of receipts and expenditures relate to investment income such as dividends and capital gains or losses. As discussed in answers to previous questions, however, campaign receipts are not subject to tax. The Internal Revenue Code provides the campaign fund a \$100 specific deduction against investment income, and the balance is taxed at the maximum federal corporate rate of 35 percent for state legislators. Estimated tax rules and alternative minimum tax do not apply to political organizations. For Louisiana income tax reporting, the state provides for no specific deduction and all investment income is subject to tax at the regular Louisiana corporate tax rates. If the campaign fund is considered to be incorporated, the Louisiana corporate franchise tax is also payable.

What accounting records are required for political funds?

Detailed substantiating records should be kept by the political candidate or another custodian to enable the candidate to account accurately for the receipt and disbursement of political funds. Otherwise, receipts may be taxed on his/her individual return, whereas campaign expenses would be non-deductible. If political funds are commingled with the personal funds of the political candidate to render tracing or identification impractical, the political funds will be presumed to have been diverted to personal use at the time so commingled and as such would also be considered an illegal act under Louisiana law.

Candidates should determine that their records are kept in a manner that will assure their compliance with the Louisiana Campaign Finance Disclosure Act, as previously enacted, and as amended by Act 994 of 1988 and Acts 294, 340 and 1208 of 2001 (La. R.S. 18:1505.2). Detailed contributions and expenditures by date are required to be submitted as part of the Candidate's Report. Expenditures made by a public relations firm, advertising agency or agent for the campaign must be reported to the campaign, and the ultimate recipients of such expenditures must be submitted in the Report.

What is the tax rule regarding presumption against unrestricted gifts?	The Internal Revenue Service will presume, in the absence of evidence to the contrary, that contributions to a political candidate are political funds that are not intended for the unrestricted personal use of such recipient. If, in fact, the funds were intended for the unrestricted personal use of the political candidate, he must be able to substantiate this claim.
Are amounts paid by a contributor for advertising in a political publication tax deductible?	No. The Internal Revenue Code specifically bars any deduction for expenses of advertising in political programs or in any publication if any part of the proceeds directly or indirectly inures to the benefit of or for the use of a political party or candidate. If the political program or publication is not issued by the legislator but the ad supports the legislator, the cost of the ad should be considered an "in-kind" contribution to the legislator unless it qualifies as an independent expenditure.
What are the maximum amounts that may be contributed to a legislator's campaign per election?	A legislator is considered to be a District Office candidate and as such can receive \$2,500 from an individual, a legal entity (or parent 50+ percent subsidiary group) or a PAC. A "Big PAC" can contribute up to \$5,000. Candidates can receive \$60,000 in the aggregate from PACs for both the primary and general elections combined. Contributions from Democratic or Republican parties or committees are not limited. When calculating whether the contribution limits have been reached, outstanding loans, loan endorsements, loan guarantees, and contributions must be added together. Loans, and guarantors and endorsements thereof are subject to the contribution limits.
What expenditures are permissible in cash?	No expenditure in excess of \$100 shall be made from a petty cash fund, and no expenditures for personal services shall be made from petty cash funds except for gratuities paid for the serving of food or drink.
What are the reporting requirements for any loan made or received by a candidate?	The date and amount of each loan for campaign purposes made or received by the candidate to or from any person or political committee during the reporting period, together with the full name and address of the lender, of the recipient of the proceeds of the loan, and of any person who makes any type of security agreement binding himself or his/her property, directly or indirectly, for the repayment of all or any part of the loan must be reported. Generally, amounts reported originally as campaign contributions cannot be later changed to loans.
Besides foreign nationals, is there another group that cannot give political contributions to Louisiana candidates?	Persons substantially interested in the riverboat and land-based casino gaming industry are prohibited from contributing to candidates and committees supporting or opposing candidates. Anyone who only holds a license under the Video Draw Poker Devices Control Law is prohibited from making a political contribution.



CONTRIBUTION LIMITS AND CAMPAIGN REPORTING DEADLINES

Contribution Limits (R.S. 18:1505.2 H, K)

Contributions, in-kind contributions, loans, endorsements or guarantees on loans and transfers of funds are all counted towards the contribution limits. Cash contributions are limited to \$100, and receipts must be given which include the name, address, social security number, and signature of the contributor. Effective January 1, 2021 the cash contributor's social security number is no longer required as updated with Act 161 of the 2020 RS amended R.S. 18:1505.2(C).

Exception:

- (1) A candidate's personal funds are not subject to the limits. A candidate may not charge interest on personal loans to his/her campaign above the judicial interest rate (uncompounded) as of the date of the loan.
- (2) Loans made in the ordinary course of business, on a basis which assures repayment, as the usual and customary interest rate from a state bank, a federally chartered depository institution, a depository institution with insured accounts, a licensed lender or an insurance company do not count towards the limits. However, a loan from such an institution shall be considered a "loan" by each endorser or guarantor in the proportion of their liability.

The contribution limits are detailed in the following chart:

	To a major office candidate or candidate committee per election ¹	To a district office candidate or candidate committee per election ¹	To any other office candidate or candidate committee per election ¹	To a PAC over any four year calendar period
Individual may give ²	\$5,000	\$2,500	\$1,000	\$100,000 ⁸
Family Member of Candidate may give	\$5,000	\$2,500	\$1,000	\$100,000 ⁸
Legal Entity may give ³	\$5,000	\$2,500	\$1,000	\$100,000 ⁸
PAC may give ⁴	\$5,000	\$2,500	\$1,000	\$5,000/\$2,500/\$1,000 ⁶ (\$100,000 Party PAC's) ⁷
Big PAC ⁵ may give ⁴	\$10,000	\$5,000	\$2,000	\$10,000/\$5,000/\$2,000 ⁶ (\$100,000 Party PAC's) ⁷
Democratic or Republican Party or Committees may give	No limits	No limits	No limits	No limits

¹ The Primary and general elections are considered as two separate elections. A candidate may accept contributions for the general election only if he is in the general election and only after the primary election.

² A husband and wife may each make contributions to the same candidate up to the limit. However, separate checks should be used. If a single check is signed by one spouse, the other must provide an affidavit as to their intent to share in the contribution.

³ Includes legal entities owned wholly or partially by candidates, except Internal Revenue Code Subchapter S corporations and Limited Liability Companies wholly owned by the candidate. Parent corporations and their subsidiaries are subject to a single limit. A corporation is a parent if it owns over 50% of another corporation.

⁴ Candidates are also subject to an aggregate limit on the contributions they may accept from all PACs combined for both the primary and general elections. The aggregate must be calculated beginning with the first report filed for the election through the current reporting period for that election. Those limits are \$80,000 – major office, \$60,000 – district office, and \$20,000 – any other office.

⁵ A PAC with over 250 members who contributed over \$50 to the PAC during the preceding calendar year and has been certified by the Ethics Administration as meeting that membership requirement.

⁶ The applicable limit is determined by the level of office sought by the candidates supported/opposed by the recipient PAC, e.g. a contribution by a PAC to another PAC supporting only major office candidates is subject to the \$5,000 limit (or the \$10,000 limit if the contributor is a Big PAC). If the PAC receiving the contribution supports candidates for more than one type of office, then the highest limits shall apply. See website www.ethics.la.gov for additional information.

⁷ Contributions made by a political committee to a recognized political party or any committee thereof is \$100,000.

⁸ In *The Fund for Louisiana's Future v. Louisiana Board of Ethics, et al*, USDC, Eastern District of Louisiana No. 14-0368 (May 2, 2014), the Court concluded that the limit did not apply to contributions received by an independent expenditure-only political committee.

Definition of Types of Offices

1. **“Major Office”**
 - a. offices elected statewide
 - b. Public Service Commissioner, Supreme Court Justice, Court of Appeal Judges, BESE and district court judges elected parishwide in Orleans
 - c. any office with an election district containing a population in excess of 250,000, including offices elected parishwide in Caddo, East Baton Rouge, Jefferson, Orleans, as well as BESE
 - d. Superintendent of Education
2. **“District Office”**
 - a. office of a member of the Louisiana Legislature
 - b. offices elected parishwide (except in Caddo, East Baton Rouge, Jefferson, and Orleans)
 - c. offices elected in more than one parish (unless the population exceeds 250,000)
 - d. offices elected in a district with a population in excess of 35,000, but less than 250,000, including offices elected citywide in the cities of Alexandria, Baton Rouge, Bossier City, Kenner, Lafayette, Lake Charles, Marrero, Metairie, Monroe, and Shreveport
 - e. District Court Judgeships (except parishwide in Orleans), Family Court, Juvenile, and City Court Judgeships (unless the district has a population exceeding 250,000)
3. **“Any Other Office”** means offices not considered major or district, i.e., offices elected in a district having a population of 35,000 or less and not elected parishwide.

Campaign Reporting Deadlines (R.S. 18:1491.6 or 1495.4)

- A. Annual Reports are filed for each candidate/committee no later than February 15 of each year and are completed through the preceding December 31. The reports are used when a candidate begins participating in an election set for a future calendar year.

Exception: An annual report is not due (1) if another required report was filed any time after the preceding December 10 and prior to the February 15 due date, or (2) if the candidate/committee has received no contributions, made no expenditures, and received or made no loans during the reporting period.

- B. 180 days prior to the primary election (180-P)
• filed only by major office candidates and their committees
- C. 90 days prior to the primary election (90-P)
• filed only by major office candidates and their committees
- D. 30 days prior to the primary election (30-P)
- E. 10 days prior to the primary election (10-P)
- F. Election Day Expenditures (EDE-P) report due 10 days after the primary election. Name and address of all election day workers must be reported as well as expenditures for election day advertisements.
- G. 10 days prior to the general election (10-G)
• last report required for candidates with no outstanding debts or loans and not participating in general election, and committees not participating in general election
• filed by all candidates and committees participating in the primary election
- H. Election Day Expenditures (EDE-G) report due 10 days after the general election. Name and address of all election day workers must be reported as well as expenditure for election day advertisement.
- I. 40 days after the general election (40-G)
• filed only by candidates and committees participating in the general election
• last report required if there are no outstanding debts or loans

Note: A specific reporting schedule is available for each election and may be downloaded at www.ethics.state.la.us. Reports are filed when received or when postmarked if delivered by United States Mail or commercial delivery service.

- J. Affidavits in Lieu of Reports: Candidates for major or district offices, and committees supporting such candidates, who do not spend over \$5,000 and do not receive contributions from one source, including personal funds of the candidate, totaling in excess of \$200 may file an affidavit in lieu of each report required above. A separate affidavit is required for each report, and once a candidate exceeds either of the threshold amounts, he/she may not return to filing affidavits for that election. Candidates for “any other offices” may never file an affidavit.
- K. Special Reports are required during the 20-day period immediately preceding an election if:
 1. a contribution or loan in excess of \$1,000 for major office candidates, \$500 for district office candidates, or \$250 for any other office candidates is received and accepted during the 20 day period, or
 2. an expenditure in excess of \$200 is made during the 20-day period to a candidate, committee or other person required to file disclosure reports who makes endorsements.

Note: Special Reports must be filed within 48 hours after the transaction.
- L. Supplemental Reports are required to be filed annually by February 15, complete through the preceding December 31, if the last report of a candidate for an election shows outstanding debts or loans or surplus funds. Exception: A supplemental report need not be filed if the candidate is not elected and shows outstanding debts and loans or a surplus totaling less than \$2,500.
- M. Withdrawn and Unopposed Candidates: The final report of a candidate who withdraws or is unopposed is the next report due as of the date that the candidate withdraws or becomes unopposed.
- N. Proposition Elections: Reports are required 30 days prior to the election, 10 days prior to the election and 40 days after the election. Special reports are required for any contribution or expenditure in excess of \$200 during the 20 day period immediately preceding the election.
- O. Recall Elections: A statement of organization is required within 3 days of the filing of the recall petition. Reports are due 45 days, 135 days, and 200 days after the filing of the recall petition. If the recall effort is successful, the rules for proposition elections then apply. The application of the campaign finance rules are governed to a large degree by the type of office of which the candidate is vying.

Electronic Filing Requirements

State legislators are required to electronically file campaign finance disclosure reports. Electronic filing is voluntary for candidates who are not major or district level office candidates.

File your reports electronically with the Louisiana Ethics Administration Disclosure and Electronic Reporting System (L.E.A.D.E.R.S.). Free software may be downloaded from <http://ethics.la.gov>. The software can be used to produce paper forms also if electronic filing is not required.

Enter your data and file your reports electronically via the Internet. You must obtain a password and ID number before electronically submitting your report. To obtain a password and ID number, contact the IT Department at 225.219.5600. You can test the software without getting a password.



RECORDKEEPING

How long do I have to keep documentary evidence such as diaries, receipts, etc.?

For campaign purposes, candidates are required to keep their records for two years after their last report is filed for an election.

Must my certified public accountant (CPA) issue a compilation report when submitting campaign finance reports to the Campaign Finance?

CPAs who are not officers of the campaign should follow the Statements on Standards for Accounting and Review Services (SSARS), which requires a compilation report. (Note that the SSARS 8 exception for "Management Use Only" reports is not applicable since the financial statement will be used by third parties.)

CPAs who are officers of the campaign should either (1) follow SSARS (which requires issuance of a report) or (2) use a transmittal letter that clearly indicates the CPA's relationship to the campaign. The following is an example of the type of communication that may be used by the CPA:

The accompanying Campaign Finance Report of Campaign X for the period ended December 31, 20XX has been prepared by [name of accountant], CPA. I have prepared such financial statements in my capacity [describe capacity, for example, as an officer] of Campaign X.

The CPA should also consider current guidance for independence. A CPA is not precluded from issuing a compilation report if they lack independence, but they must disclose the lack of independence in the compilation report. Note that the reason for the lack of independence may not be disclosed.

Your CPA should also consider AR section 300, which contains an alternative form for a compilation report. This alternate form precludes the CPA from having to disclose departures from GAAP that are inherent in the Campaign Finance Report. All GAAP departures must be disclosed if the CPA issues the standard compilation report.

When are campaign reports of legislators due to Campaign Finance?

Annual reports are generally due February 15th of each year. During election years, reports are also due 30 days prior to the primary election, as well as 10 days prior to the primary and 10 days prior to the general election (see page 13). A legislator participating in the general election must file a report 40 days after the general election. Reports should be mailed to:

Campaign Finance
Post Office Box 4368
Baton Rouge, LA 70821
Phone 225.219.5600 • 800.842.6630 • Fax 225.381.7271 • <http://ethics.la.gov>

Effective January 1, 2012, state legislators are required to electronically file campaign finance disclosure reports. Electronic filing is voluntary for candidates that are not major or district level office candidates.

Can the Ethics Board assess penalties for failure to file or late filing of required campaign reports?

Yes. Act No. 352 of 1997 allows the Ethics Board to assess automatic penalties for campaign reports not filed on a timely basis. For example, candidates for district office will be charged \$60 per day not to exceed \$2,000 per report for failure to file or late filing. An additional penalty of up to \$10,000 may be assessed if the report is more than 11 days late.

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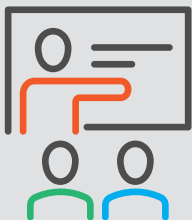
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