

staff salaries, legal and accounting services, office space rental, utilities, computer services, other overhead expenses, consultants, storage, insurance, office supplies and fundraising expenses. One commenter said this alternative could be useful if the list is not intended to be exhaustive, because of the possibility of unforeseen but legitimate types of winding down costs.

The Commission has decided not to adopt this alternative approach because it is unlikely to resolve the issues that have arisen and could generate more issues. Disputes over winding down expenses often concern the appropriate amounts spent for particular expenses, the appropriate length of time a campaign should continue to need certain goods or services, and whether the campaign committee has provided sufficient documentation of expenses rather than focusing on the type of expenditure. A list of permissible winding down expenses would not address these frequently disputed issues, nor would it reduce the amount of winding down expenses.

Please note that the Commission made no changes to 11 CFR 9008.10(g)(7), governing winding down costs of convention committees.

11 CFR Part 9008—Federal Financing of Presidential Nominating Conventions

11 CFR 9008.3—Eligibility for Payments; Registration and Reporting

The Commission has decided to revise the convention committee reporting requirements in 11 CFR 9008.3 to require convention committees to submit a copy of all written contracts and agreements they make with the cities, counties, or States hosting the convention or any host committee or municipal fund. See new 11 CFR 9008.3(b)(1)(ii). Convention committees, host committees, and municipal funds are also required to submit any subsequent modifications to a previous contract or agreement.

The Commission believes that it is necessary to have copies of all such agreements in order to understand fully the obligations that each of those entities has agreed to assume with respect to the convention. Such contracts must be submitted with the report for the applicable reporting period. Related changes are also being made to the host committee and municipal fund reporting requirements. See Explanation and Justification for 11 CFR 9008.51, below. The wording of the final rule is being slightly clarified from the proposed rule, which was not addressed by any of the commenters.

11 CFR 9008.7(a)(4)(xii)—Use of Funds—Gifts and Bonuses

The NPRM sought comment on revising the rules governing the payment of gifts and bonuses by primary and general election candidates and by convention committees. The Commission has decided to make changes to 11 CFR 9008.7(a)(4)(xii), governing gifts and bonuses for convention committees, to make that section more consistent with the rules governing primary and general election committees. See newly redesignated 11 CFR 9004.4(a)(6) and 9034.4(a)(5). Specifically, the structure of the section is being changed to separate the requirements for gifts from those for bonuses. The new paragraph on bonuses requires that bonuses paid after the last date of the convention to committee staff and consultants in recognition of convention-related activities or services must be provided for pursuant to a written contract made prior to the date of the convention, and must be paid no later than 30 days after the convention.

11 CFR 9008.8—Limitation of Expenditures

The NPRM proposed two revisions to 11 CFR 9008.8. The first proposal was to revise references in the title and text of paragraph (b)(2) to reflect the proposed new definition of “municipal fund” in 11 CFR 9008.50(c). 68 FR at 18508. As explained below, the Commission is adopting the proposed definition of “municipal fund.” See Explanation and Justification for new 11 CFR 9008.50(c). Thus, the Commission is revising 11 CFR 9008.8(b)(2) to change the references in this provision from “municipal corporations” to “municipal funds.” The NPRM also proposed deleting “government agencies.” However, because some State or local governments may directly make convention expenditures, the references to government agencies are retained.

The second proposal in the NPRM was to revise 11 CFR 9008.8(b)(4)(ii)(B) to permit convention committees to establish separate legal and accounting compliance funds (“CLAF”). 68 FR at 18512. Under this proposal, contributions to CLAFs would only have been permitted to be used to pay for legal and accounting services related to compliance with FECA and the Fund Act. Disbursements from the CLAF for legal and accounting compliance services would not have been considered “expenditures” and, therefore, would not have counted against the convention committee’s expenditure limit in 11 CFR 9008.8. The CLAF would have had a separate

contribution limit from the national committee’s limit.

The NPRM also sought comment on the contribution limit that should apply to contributors who wish to contribute to both the CLAF and to the political committees established and maintained by the same national political party. The only commenter to address this issue argued that allowing convention committees to establish CLAFs would amount to effectively doubling the national party contribution limit in 2 U.S.C. 441a(a)(1)(B) by allowing a donor to make two contributions up to the national party limit, one to the national party itself and the other to the CLAF. The commenter challenged the Commission’s authority to allow convention committees to establish CLAFs because the receipt of public money by convention committees is conditioned on their abiding by set spending limits. The commenter also asserted that CLAFs would allow “the infusion of private money into a system where Congress intended the party spending to be fully financed with public funds.”

The Commission has decided that permitting the national party committees to pay compliance expenses of the convention committee under 11 CFR 9008.8(b)(4)(ii) adequately addresses this issue. Therefore, the Commission has decided not to allow convention committees to establish separate legal and accounting compliance funds as proposed in the NPRM.

In addition to the proposals in the NPRM, the Commission is revising 11 CFR 9008.8(b)(4)(ii)(B), which previously stated the contribution limits for contributions to national political party committees from persons and from multicandidate committees. BCRA amended the first of those two limits and indexed the limitation to inflation. Therefore, the Commission is revising the regulation to refer to the amounts permitted under 11 CFR 110.1(c) and 110.2(c).

11 CFR 9008.10—Documentation of Disbursements; Net Outstanding Convention Expenses

The requirements for the documentation of disbursements applicable to all committees are described in 11 CFR 102.9(b). Additional documentation requirements for publicly funded convention committees are set forth in 11 CFR 9008.10. The introductory language in section 9008.10 is being revised to state that the requirements in this section are in addition to the requirements of 11 CFR 102.9(b) governing the