

examination is necessary in particular circumstances. Comment was sought on whether, because municipal funds are already subject to government oversight, as well as for the sake of comity between Federal and State or local agencies, the Commission should decline to revise 11 CFR 9008.54 to extend its audit authority to cover municipal funds. One commenter opposed subjecting municipal funds to automatic audits.

The Commission has decided not to extend the audit authority set forth in 11 CFR 9008.54 to municipal funds because routine, full-scale audits of municipal funds are unnecessary, given that municipal funds' financial transactions are already subject to careful scrutiny by local authorities. The Commission does, however, retain the authority to conduct detailed and thorough examinations of municipal fund transactions and accounts related to the convention when warranted.

11 CFR Part 9031—Scope

11 CFR 9031.1—Scope

The Commission is making two technical amendments to this section to update the references to its other regulations.

11 CFR Part 9032—Definitions

11 CFR 9032.9—Qualified Campaign Expenses

Section 9032.9 defines qualified campaign expenses. One technical correction is being made in § 9032.9(c). Previously, this rule stated that expenditures incurred “before the beginning of the expenditure report period” are qualified campaign expenses if they meet the requirements of 11 CFR 9034.4(a), which addresses, *inter alia*, testing the waters expenses prior to the date an individual becomes a candidate. The reference to “expenditure report period” was an error because that term applies to general election candidates. See 11 CFR 9002.12. This reference is being changed to “prior to the date the individual becomes a candidate,” the same wording used in 11 CFR 9034.4(a)(2), governing testing the waters expenses. No commenters addressed this topic.

11 CFR Part 9033—Eligibility for Payments

11 CFR 9033.1—Candidate and Committee Agreements

Similar to the technical amendment to 11 CFR 9003.1(b)(8) discussed above, the Commission is revising § 9033.1. The reference to 11 CFR parts 100–116 in paragraph (b)(10) is amended to

encompass all the regulations up to and including 11 CFR part 400 among the regulations with which candidates and their authorized committees agree to comply.

11 CFR 9033.11—Documentation of Disbursements

The changes to § 9033.11 follow the changes to 11 CFR 9003.5 discussed above.

11 CFR Part 9034—Entitlements

11 CFR 9034.4—Use of Contributions and Matching Payments; Examples of Qualified Campaign Expenses and Non-Qualified Campaign Expenses

Section 9034.4, which concerns the use of contributions and matching payments for qualified and non-qualified campaign expenses, is being amended in several respects. First, the heading for this section is being modified by adding the words “examples of qualified campaign expenses and nonqualified campaign expenses” to assist the reader in locating these examples.

11 CFR 9034.4(a)(3)(i)—Definition of “Winding Down Costs”

The Commission is revising 11 CFR 9034.4 to move provisions from paragraph (a)(3)(i) to the new rule on winding down costs in 11 CFR 9034.11, discussed below. Revised § 9034.4(a)(3)(i) indicates that winding down costs that satisfy new 11 CFR 9034.11 are qualified campaign expenses.

11 CFR 9034.4(a)(3)(ii)—Private Contributions Received After DOI

The Commission is also revising 11 CFR 9034.4(a)(3)(ii) to clarify the rules governing ineligible primary election Presidential candidates who continue to campaign after their dates of ineligibility. Previously, paragraph (a)(3)(ii) provided that these candidates may use “contributions received after” the DOI to continue to campaign. However, 11 CFR 9034.5(a)(2)(i) provides that a candidate's cash on hand on the NOCO Statement should include “all contributions dated on or before” the DOI, whether or not submitted for matching. Thus, contributions that were dated on or before the DOI but received after the DOI were subject to both rules, and the previous rules did not make clear how they should be treated. Section 9034.4(a)(3)(ii) is being revised to eliminate the overlap by stating that only a contribution that is dated after a candidate's DOI may be used to continue to campaign.

In addition, the Commission is deleting the sentence in former § 9034.4(a)(3)(ii) that stated: “The candidate shall be entitled to receive the same proportion of matching funds to defray net outstanding campaign obligations as the candidate received before his or her date of ineligibility.” In practice, each submission for matching funds is reviewed individually; thus, a candidate receives a different proportion of matching funds for each submission. Deleting this sentence makes clear that candidates will continue to receive matching funds based on the Commission's review of each matching fund submission, rather than on the proportion of matching funds the candidate received for any previous submission. Revised 11 CFR 9034.4(a)(3)(ii) also includes a new reference to 11 CFR 9034.11. No comments were received regarding these changes to § 9034.4(a)(3)(ii).

11 CFR 9034.4(a)(3)(iii)

As discussed below in the explanation and justification of 11 CFR 9035.1(c)(1), paragraph (a)(3)(iii) is being moved from § 9034.4 to § 9035.1(c)(1).

11 CFR 9034.4(a)(5)—Gifts and Bonuses

The NPRM sought comment on revising 11 CFR 9034.3(a)(5) regarding gifts and bonuses paid to campaign employees, consultants, and volunteers. For the reasons explained above in the explanation and justification for newly redesignated 11 CFR 9004.4(a)(6), the Commission has decided to make a similar change to 11 CFR 9034.4(a)(5).

11 CFR 9034.4(a)(6)—Convention Expenses of Ineligible Candidates

The NPRM proposed adding a new section 11 CFR 9034.4(a)(6) to reflect its decision in AO 2000–12 permitting certain convention expenses incurred by Presidential primary candidates after their dates of ineligibility to be considered qualified campaign expenses. In AO 2000–12, the Commission permitted ineligible candidates to treat as qualified campaign expenses certain costs related to meetings and events at the national nominating conventions subject to some restrictions. Specifically, the Commission allowed costs related to meetings and receptions to thank delegates and supporters to be treated as qualified campaign expenses, but did not also allow travel costs related to such events to be considered qualified campaign expenses. The Commission also permitted ineligible candidates to incur qualified campaign expenses related to specific fundraising events at