

## **NOTICE OF PROPOSED GUIDANCE DOCUMENT**

### **CAMPAIGN FINANCE OVERVIEW - CONDUITS**

Pursuant to s. 227.112, Wis. Stats., the Wisconsin Ethics Commission is hereby seeking comment on the Campaign Finance Overview – Conduits Manual, a proposed guidance document. This manual is prepared and published by the Wisconsin Ethics Commission as required by WIS. STAT. § 11.1304(3).

### **PUBLIC COMMENTS AND DEADLINE FOR SUBMISSION**

Comments may be submitted to the Wisconsin Ethics Commission until August 12, 2019, by:

1. Emailing [ethics@wi.gov](mailto:ethics@wi.gov), or
2. Mailing written comments to:  
P.O. Box 7125  
Madison, WI 53707-7125

### **WEBSITE LOCATION OF FINAL GUIDANCE DOCUMENT**

The final version of this guidance document will be posted at <https://ethics.wi.gov/Pages/Resources/ResourcesOverview.aspx> to allow for ongoing comment.

### **AGENCY CONTACT PERSON**

David P. Buerger

[David.Buerger@wisconsin.gov](mailto:David.Buerger@wisconsin.gov)

(608) 267-0951



**Wisconsin Ethics Commission**

PO Box 7125

Madison, WI 53707-7125

Phone: (608) 266-8123

Email: [campaignfinance@wi.gov](mailto:campaignfinance@wi.gov)

Websites: <https://cfis.wi.gov>

<https://ethics.wi.gov>

# CAMPAIGN FINANCE OVERVIEW

## Conduits

### Published: July 2019

There has been no change in campaign finance statutes since March of 2016. This manual has been updated to include specific statutory citations and clarify basic reporting requirements for conduits.

Provided pursuant to [WIS. STAT. § 11.1304\(3\)](#) and in compliance with [WIS. STAT. § 227.112](#).

# Contents

REGISTRATION REQUIREMENTS .....	3
What is a Conduit? .....	3
When Conduits are Required to Register .....	3
Completing a Registration Statement .....	3
Information required on the registration statement: .....	3
Amending a Registration Statement .....	4
Penalty for Not Filing a Registration Statement .....	4
EXEMPTION FROM FILING CAMPAIGN FINANCE REPORTS .....	5
Eligibility .....	5
Financial Records During Exemption .....	5
Revoking Exemption .....	5
CONTRIBUTION LIMITS .....	6
Applicable Periods for Contribution Limits .....	7
CONTRIBUTIONS .....	8
Reporting Contributions Released to Committees .....	8
Redirected Contributions .....	8
Reporting Contributions Redirected to a Sponsor .....	9
Transmittal Letters .....	9
Prohibited Contributions .....	9
Contributions from Businesses .....	10
Returned Contributions .....	10
Types of Reports .....	12
Itemization of Reporting Periods and Elections: .....	12
How to Complete Campaign Finance Reports .....	13
Filing Reports in CFIS .....	13
No-Activity Report .....	13
TERMINATION OF REGISTRATION .....	14

## **REGISTRATION REQUIREMENTS**

### **What is a Conduit?**

A conduit is defined as:

“...a person other than an individual that receives a contribution of money, deposits the contribution in an account held by the person, and releases the contribution to a candidate committee, legislative campaign committee, political party, or political action committee at the direction of the contributor.” [WIS. STAT. § 11.0101\(7\)](#).

The conduit may not exercise any discretion over the amount or ultimate recipient of the contributions. [WIS. STAT. § 11.0701\(3\)](#).

### **When Conduits are Required to Register**

A new conduit must register “upon its inception and prior to accepting or releasing any... contribution.” [WIS. STAT. § 11.0702](#).

All conduits must register at the state level – with the Ethics Commission. Registration statements are to be filed using the Ethics Commission’s Campaign Finance Information System website (<https://cfis.wi.gov/>). When completed, to activate your registration, you must print the form and send a signed copy to the Ethics Commission by email ([CampaignFinance@wi.gov](mailto:CampaignFinance@wi.gov)), fax: (608) 264-9319 or US mail: PO Box 7125, Madison, WI 53707-7125. [WIS. STAT. § 11.0102\(1\)\(a\)2](#).

After filing the registration statement, a conduit may begin disbursing funds. The conduit’s financial activities must be reported on campaign finance reports, unless the conduit has claimed an exemption from filing finance reports. WIS. STAT. §§ [11.0103](#), [11.0104](#).

### **Completing a Registration Statement**

Registration statements are completed electronically using the Campaign Finance Information System (CFIS) website. [WIS. STAT. § 11.1304](#). The website address is <https://cfis.wi.gov/>. For questions while filing a registration statement, please click “[Need Help? Review the User’s Guide and FAQ](#)” link at the bottom of every CFIS web page or call our office.

Information required on the registration statement:

1. The name and mailing address of the conduit;
2. The name and mailing address of the administrator of the conduit and any other custodian of books and accounts. Unless otherwise directed by the administrator on the registration form and except as otherwise provided in this chapter or any rule of the commission, all mailings that are required by law or by rule of the commission shall be sent to the administrator at the administrator's address indicated upon the form;
3. The name and address of the depository account of the conduit and of any other institution where funds of the conduit are kept; and

4. The name and mailing address of a sponsor ([WIS. STAT. § 11.0705\(1\)](#)) to which contributions may be redirected as provided under s. [11.0705\(2\)](#).

[WIS. STAT. § 11.0703](#).

If a conduit has a sponsor, the conduit must provide the name of that organization. [WIS. STAT. § 11.0703\(1\)\(d\)](#). A sponsor is “a person, other than an individual or a candidate committee, which is associated with a conduit.” [WIS. STAT. § 11.0705\(1\)](#). A sponsor may spend an unlimited amount for the conduit’s administrative and solicitation expenses. [WIS. STAT. § 11.0101\(8\)\(b\)15](#). If the conduit receives contributions and loses contact with the contributor, under some circumstances, it may redirect contributions to the sponsor or the conduit’s administrative fund. [WIS. STAT. § 11.0705\(2\)](#).

Every conduit must have a bank account and provide the name and address of the financial institution. [WIS. STAT. § 11.0703\(1\)\(c\)](#). To open the bank account, it may be necessary to complete a request for Employer Identification Number (EIN) using form SS4 (<https://www.irs.gov/forms-pubs/about-form-ss-4>). This form should also be available from your financial institution or from an IRS office or website.

### **Amending a Registration Statement**

When any of the information reported on the registration statement changes, an amendment to the registration statement must be filed with the Wisconsin Ethics Commission within **ten days**. [WIS. STAT. § 11.0703\(3\)](#). This can be done in CFIS through the View/Edit Registration Screen.

### **Penalty for Not Filing a Registration Statement**

If a required statement or amendment is not filed on time, the registrant may be subject to a civil penalty. [WIS. STAT. § 11.1400\(1\)](#).

## **EXEMPTION FROM FILING CAMPAIGN FINANCE REPORTS**

### **Eligibility**

Conduits may be eligible for an exemption from filing campaign finance reports if the conduit anticipates that it will not accept or release contributions in an aggregate amount exceeding \$2,000 in a calendar year. [WIS. STAT. § 11.0104\(1\)\(a\)](#)

An indication of limited activity (exemption) under this section is effective only for the calendar year in which it is granted. [WIS. STAT. § 11.0104\(2\)](#). The Ethics Commission is seeking guidance from the Attorney General's office on interpreting and enforcing this statute. Pending that guidance or legislative change, the Ethics Commission is not requiring committees to renew their exemption status annually.

If a committee wishes to renew or update its exempt status, it should file an amendment to the registration statement (CF-1).

### **Financial Records During Exemption**

When a committee is exempt, it is not required to file any campaign finance reports. [WIS. STAT. § 11.0104\(2\)](#). However, the conduit administrator is required to keep financial records adequate to meet the requirements of campaign finance law. Records must be kept for the previous three years. [WIS. STAT. § 11.0701\(4\)](#).

### **Revoking Exemption**

If, at a later date, the committee expects to exceed the \$2,000 limit, the committee must amend its campaign registration statement by checking the box: "This registrant is no longer eligible to claim exemption," on the registration statement. An amendment to the registration statement must be filed with the Wisconsin Ethics Commission within ten days. [WIS. STAT. § 11.0703\(3\)](#). The committee is then required to file campaign finance reports beginning with the next regular report due after the earlier of either the date that the amended registration was filed or the date that the committee exceeded \$2,000 in aggregate contributions. [WIS. STAT. § 11.0104\(3\)](#).

## CONTRIBUTION LIMITS

Contribution limitations to candidates apply cumulatively to the entire primary and election campaign in which the candidate participates, whether or not there is a contested primary election.

OFFICE	INDIVIDUAL CONTRIBUTIONS RELEASED BY CONDUIT
GOVERNOR	\$20,000
LIEUTENANT GOVERNOR	\$20,000
SECRETARY OF STATE	\$20,000
STATE TREASURER	\$20,000
ATTORNEY GENERAL	\$20,000
SUPERINTENDENT OF PUBLIC INSTRUCTION	\$20,000
SUPREME COURT	\$20,000
STATE SENATOR	\$2,000
ASSEMBLY REPRESENTATIVE	\$1,000
APPEALS JUDGE – POPULOUS DISTRICTS	\$6,000
APPEAL JUDGE – OTHER DISTRICTS	\$5,000
CIRCUIT JUDGE – POPULOUS AREA	\$6,000
DISTRICT ATTORNEY – POPULOUS AREA	\$6,000
CIRCUIT JUDGE – OTHER AREA	\$2,000
DISTRICT ATTORNEY – OTHER AREA	\$2,000
LOCAL OFFICES	GREATER OF \$500 OR 2 CENTS TIMES THE POPULATION; NOT MORE THAN \$6,000

### [WIS. STAT. § 11.1101\(1\).](#)

The contribution limits established by state statute determine the maximum amount of all contributions (cash, non-commercial loans, and in-kind contributions combined) that an individual or committee can give or receive over a campaign period. These limits depend on the office sought by the candidate and the identity of the contributor. A conduit may not transfer contributions that exceed the applicable limit. WIS. STAT. §§ [11.1101](#), [11.1204\(3\)](#).

#### Populous Areas:

- Appeals Judge – A county having a population of more than 750,000.
- Circuit Judge – Circuits having a population of more than 300,000.
- District Attorney – Prosecutorial units having a population more than 300,000.

Local Offices:

- Districts with 25,000 or fewer population have a limit of \$500. Districts with 300,000 or greater population have a limit of \$6000. Other districts need to be calculated.
- The number of inhabitants in the jurisdiction or district is determined by the latest federal census or the census information on which the district is based, as certified by the appropriate filing officer. [WIS. STAT. § 11.1101\(2\)\(h\)2](#).

Applicable Periods for Contribution Limits

For purposes of calculating contribution limits, a new candidate's campaign begins on the date a new candidate is required to file a registration statement, i.e., the date she or he becomes a candidate. The campaign period includes both the primary and general election. The campaign period ends the day before the winning candidate begins his or her new term of office. [WIS. STAT. § 11.1103\(2\)](#).

For an incumbent candidate, the new campaign period begins on the day the candidate assumes office. The campaign period runs through the primary and general election for that office and lasts until the day before the winning candidate begins his or her new term of office. [WIS. STAT. § 11.1103\(1\)](#).

For more information on contribution limits, go to the Ethics Commission's Contributions Limits page: <https://ethics.wi.gov/Pages/CampaignFinance/ContributionLimits.aspx>.



## CONTRIBUTIONS

Conduits are required to make full reports of all contributions made. Each report needs to include information covering the period since the last date covered on the previous report. [WIS. STAT. § 11.0704\(1\)](#).

A contribution released by a conduit to a committee is a contribution from the individual who made the contribution through the conduit, not a contribution from the conduit. [WIS. STAT. § 11.1106](#).

### **Reporting Contributions Released to Committees**

Conduits releasing contributions must report the date, full name and street address of each committee to which contributions were released during the reporting period, along with the total of all contributions released to each committee.

For each contribution, conduits must report the date, amount and the individual contributor's full name and street address. If the contributor's total contributions to that committee for that calendar year are over \$200, the conduit must also report the contributor's occupation.

[WIS. STAT. § 11.0704\(1\)](#).

### **Redirected Contributions**

Occasionally, an individual will deposit money with a conduit, but the conduit will lose contact with that individual. The conduit may redirect any contributions from that individual to the sponsor or, if there is no sponsor, to an administrative fund of the conduit as long as it meets all of the criteria below:

- a) The conduit has held the contribution for at least 24 consecutive months, over which time the individual or organization that made the contribution has made no contact with the conduit; and
- b) Either of the following apply:
  1. The conduit has, over the 24-month period described in par. (a), attempted in good faith to contact the individual that made the contribution at least 5 times, and has documented each such attempt, but has been unable to make contact with the individual. A conduit may satisfy the requirement to contact the individual by telephoning the individual at the last-known telephone number; by sending a text message to the individual at the last-known cellular telephone number or pager number capable of receiving text messages; by sending a facsimile transmission to the individual at the last-known facsimile transmission number; by sending a letter or postcard to the individual by U.S. mail; by sending a message by electronic mail; or by any combination of the foregoing. A conduit may not satisfy the requirement to attempt in good faith to contact the individual

at least 5 times if all 5 attempted contacts occur within a period of 30 consecutive days;  
or

2. The surviving spouse or executor of the estate of a deceased individual that made the contribution authorizes the redirection of the contribution.

[WIS. STAT. § 11.0705](#)

### **Reporting Contributions Redirected to a Sponsor**

Conduits redirecting contributions to a sponsor or administrative fund of the conduit must report the date and the full name and street address of the sponsor (or administrative fund) to which contributions were released during the reporting period. Conduits must also report the total of all contributions redirected to the sponsor or administrative fund.

For each redirected contribution, conduits must report the date, amount, and the individual contributor's full name and street address. If the individual's total redirected contributions for that calendar year are over \$200, the conduit must also report the contributor's occupation.

[WIS. STAT. § 11.0704\(1\)\(a\)2.](#)

### **Transmittal Letters**

A conduit releasing a contribution of money to the recipient shall, in writing at the time the contribution is released, identify itself to the recipient as a conduit and report to the recipient the following information about each contribution released by it:

1. An itemized statement giving the date, full name, and street address of each person who has made a contribution to the conduit which contribution is being released to the recipient, together with the amount of the contribution; and
2. The occupation, if any, of each individual contributor whose cumulative contributions to the recipient for the calendar year are in excess of \$200.

[WIS. STAT. § 11.0704\(1\)\(b\).](#)

When a conduit enters or uploads information into the CFIS website, CFIS will generate a transmittal letter with a pass code. The receiving committee may enter the pass code and CFIS will automatically upload all of the conduit's contributions to that committee. Conduits may choose to generate transmittal letters outside of CFIS as long as the required information is included, but the receiving committee will not be able to upload those contributions automatically.

### **Prohibited Contributions**

Certain contributions are prohibited by Wisconsin law. A conduit may not accept the following types of contributions:

1. Anonymous contributions ([WIS. STAT. § 11.0704\(1\)\(b\)](#));

2. Contributions in cash of more than \$100 ([WIS. STAT. § 11.1107](#));
3. Contributions given in the name of someone other than the contributor ([WIS. STAT. § 11.1204\(1\)](#));
4. Conduits from committees, businesses, or other groups ([WIS. STAT. § 11.1106\(1\)](#));
5. Contributions from foreign nationals ([WIS. STAT. § 11.1208\(4\)](#)); or
6. Conduits may not transfer contributions more than the limits set by law (WIS. STAT. §§ [11.1101](#), [11.1204\(3\)](#)).

Conduits that collect and release contributions on behalf of licensed lobbyists must observe the prohibitions on lobbyist contributions to partisan state candidates. Licensed lobbyists are prohibited from making campaign contributions to state candidates for partisan state office except between the first day authorized to circulate nominations papers, if the legislature is not in session, and the day of the general election in the year of the candidate's election. [WIS. STAT. § 13.625\(1m\)](#). For further information on lobbyist contributions, visit the lobbying portion of the Ethics Commission's website (<http://ethics.wi.gov>) or contact an Ethics Commission staff member.

A conduit should monitor contributions carefully. If the conduit is aware that a contribution was received from a potentially prohibited source, the conduit should ensure that the contribution is lawful. [WIS. STAT. § 11.1204\(3\)](#). It is recommended that a conduit not accept any contributions if it cannot determine whether the contribution is lawful.

### **Contributions from Businesses**

Only individuals may contribute to conduits. Business contributions are prohibited. [WIS. STAT. § 11.1106\(1\)](#)

### **Returned Contributions**

Conduits do not have to report when individuals contribute money to the conduit fund – only contributions that are released to political committees must be reported. If money is returned from the conduit fund to a contributor, that transaction does not have to be reported by the conduit.

Likewise, if a conduit contributes an individual's money to a political committee, and the committee returns the contribution, or never cashes the check, the money should be placed back in the conduit fund under the control of the same individual. The conduit does not have to report the receipt of the returned contribution.

[WIS. STAT. § 11.0704\(1\)](#).



## **CAMPAIGN FINANCE REPORTS**

All registrants that are not exempt from filing must file campaign finance reports. Conduits must continue to file periodic reports until the conduit is terminated. The reports must be submitted electronically via CFIS (<https://cfis.wi.gov/>). [WIS. STAT. § 11.1304\(6\)](#).

The information listed on the campaign finance report discloses the financial activity of the conduit. Conduits must disclose any contributions released to a committee, and any contributions redirected to a sponsor. [WIS. STAT. § 11.0704\(1\)\(a\)](#). Conduit administrators must exercise diligence in acquiring and furnishing the contributor information required. Under current state law, conduits are required to make a “good faith effort” to obtain all information required on the reports. [WIS. STAT. § 11.0103\(1\)\(a\)](#). For all contributors, you must disclose the individual’s name and address. If the individual’s year-to-date contribution total to a single committee exceeds \$200, you must also provide the individual’s occupation. [WIS. STAT. § 11.0704\(1\)\(b\)](#).

### **Types of Reports**

All conduits must file continuing reports in January and July of each year until they terminate their registration. Conduits must file a post-election report after giving to a candidate on the ballot in a special election only if they are not already required to file a January or July continuing report within 45 days of the election.

#### **Itemization of Reporting Periods and Elections:**

**Spring Primary:** A conduit that engages in activity concerning a spring primary must file a report on January 15 and July 15. [WIS. STAT. § 11.0704\(2\)](#).

**Spring Election:** A conduit that engages in activity concerning a spring election must file a report on January 15 and July 15.

In the case of a special election, unless a continuing report is required to be filed before the 45th day after the special election, the conduit must also file a post-election report no earlier than 23 days and no later than 45 days after the special election. [WIS. STAT. § 11.0704\(3\)](#).

**Partisan Primary:** A conduit that engages in activity concerning a partisan primary or a special primary held to nominate candidates to be voted for at a special election held to fill a vacancy in one or more of the state or local offices voted for at the general election must, in an odd-numbered year, file a report on January 15 and July 15; and, in an even-numbered year, a report on January 15 and July 15 and on the 4th Tuesday in September. [WIS. STAT. § 11.0704\(4\)](#).

**General Election:** A committee that engages in activity concerning a general election or a special election held to fill a vacancy in one or more of the state or local offices voted for at the general election must, in an odd-numbered year, file a report on January 15 and July 15; and, in an even numbered year, a report on January 15 and July 15 and on the 4th Tuesday in September.

In the case of a special election, unless a continuing report is required to be filed before the 45th day after the special election, the conduit must also file a post-election report no earlier than 23 days and no later than 45 days after the special election. [WIS. STAT. § 11.0704\(5\)](#).

Reporting deadlines can be found at: (<https://ethics.wi.gov>)

### **How to Complete Campaign Finance Reports**

There are two ways to enter transactions in the Campaign Finance Information System (CFIS):

- Using the “Enter Contributions” screen in CFIS;
- Using the CFIS spreadsheet upload templates.

**Every conduit must** use one of the specified, approved forms [WIS. STAT. § 11.1304\(1\)](#). A conduit that chooses to use the upload template with schedule detail must use the template issued by the Commission. Committees can find upload templates on the CFIS site in the “**Upload Transactions**” section of the menu.

For detailed instructions on how to complete and file the campaign finance report, go to <https://cfis.wi.gov> and click on the **CFIS Manuals** link in the center of the page, or go to the Ethics Commission **CFIS Manuals & Frequently Asked Questions** page: <https://ethics.wi.gov/Pages/CampaignFinance/CFISManuals.aspx>.

### **Filing Reports in CFIS**

Conduits will file campaign finance reports electronically through the CFIS website. The help screens on that site may answer some of your questions. When you have entered all transactions for a reporting period, the CFIS system will automatically generate the report for you and place all transactions on the appropriate schedules.

All contributions transferred by the conduit will be summarized, and the summary will be followed by the details of the individual contributors. A second section will summarize redirected contributions and give detail on the individuals whose contributions were redirected.

A conduit does not have to provide information on money received from members that has not been released to committees or the sponsor. A conduit does not have to document contributions that are later returned from a committee to the conduit. A conduit does not have to report administrative and fundraising expenses spent by the conduit’s sponsor or its administrative fund. [WIS. STAT. § 11.0704\(1\)](#).

### **No-Activity Report**

If a conduit does not release any contributions during a reporting period, the conduit may file a no activity report. No activity reports should be used only when there has been no contribution activity. If there is any financial activity, a registrant is required to use the regular campaign finance report form. [WIS. STAT. § 11.0103\(3\)\(d\)](#).

## **TERMINATION OF REGISTRATION**

If a conduit determines that it will no longer be transferring contributions or redirecting contributions it may terminate its registration by filing a final “Termination” report. Conduits should have no money left in their account when they request termination [WIS. STAT. § 11.0105\(1\)](#). Conduits must pay the filing fee, if required for that year, before terminating their committee [WIS. STAT. § 11.0105\(2\)](#).

Conduits should ensure that the final report filed by the conduit has a “TERMINATION” watermark in the upper right of the report. Contact Ethics Commission staff if you need assistance requesting termination.



# Wisconsin Ethics Commission

Campaign Finance | Lobbying | Ethics  
101 East Wilson Street | Suite 127 | P.O. Box 7125 | Madison, WI 53703-7125  
(608) 266-8123 | [ethics@wi.gov](mailto:ethics@wi.gov) | <https://ethics.wi.gov>

---

## CERTIFICATION OF AGENCY HEAD

I have reviewed this guidance document or proposed guidance document and I certify that it complies with sections 227.10 and 227.11 of the Wisconsin Statutes. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is not explicitly required or explicitly permitted by a statute or a rule that has been lawfully promulgated. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is more restrictive than a standard, requirement, or threshold contained in the Wisconsin Statutes.

A handwritten signature in black ink, appearing to read 'D. Carlton, Jr.'.

Daniel Carlton, Jr.  
Commission Administrator  
Wisconsin Ethics Commission

---

*Wisconsin Ethics Commissioners*

Mac Davis | David R. Halbrooks | Katie McCallum | Tamara Packard | Pat Strachota | Timothy Van Akkeren

*Administrator*

Daniel A. Carlton, Jr.