RPAC Fundraising Goal Policies

Executive Summary

Two Main Purposes

The RPAC Fundraising Goal Policies were created with the following two aims:

1. Increase RPAC receipts at ALL THREE levels of the association—local, state and national
2. Streamline the way NAR reports receipts and sets goals so that it is completely transparent.

One Annual National RPAC Fundraising goal

Beginning in 2015, there will be one annual national RPAC Fundraising Goal for dollars raised by each state; the goal can be met using personal ("hard") and corporate ("soft") dollars. States will continue to have annual Major Investor, President's Circle and RPAC Participation goals which will count towards the RPAC Triple Crown and President's Cup Awards.

Switch from Fair Share Goal to Needs-Based Goal

The RPAC Fundraising Goal Policies dropped the "<u>Fair Share</u>" form of goal setting, which is arbitrary, and adopted a <u>needs-based strategy</u>. Every two-year election cycle the NAR Board of Directors will set the fundraising goal based on what NAR <u>actually needs</u> at the federal level to be effective in the races in which we must engage.

The 70%-30% split policy for sharing RPAC funds between the States and National have been eliminated with the exception of the Major Investor Program. Due to legal reasons, National RPAC must receive at least 30% of a Major Investor's contribution in order to provide recognition and benefits to the Major Investor. And of course, the 30% of the Major Investor contribution received by National RPAC will count towards the state's needs-based goal.

States may achieve their goal with hard and/or soft dollar receipts, which means President's Circle monies will not be counted towards the state's needs-based goal. However, President's Circle monies are counted towards a member's lifetime investment history for Hall of Fame recognition.

Transparency in Goal Setting

Each two year election cycle the goal will be determined by RPAC Disbursement Trustees, endorsed by the National RPAC Fundraising Trustees and approved by NAR's Leadership Team and Executive Committee before going to the Board of Directors for approval in May of every even-numbered year.

Each state/territory goal will be calculated using the official NAR annual membership count taken the previous year on October 31.

Example for 2017-2018 Election Cycle:

- October 31, 2015: NRDS membership count taken
- May 2016: BOD votes on the '17-'18 Needs-Based Goal

Fundraising Year

The fundraising year will begin January 1 and run through December 31 each year. (During this transition year, November and December of 2014 will count towards the 2015 fundraising year.)

Due to the change in Fundraising Year, the annual RPAC Awards Ceremony will take place annually at the May Meetings to recognize the previous year's fundraising.

RPAC MLS Independent Expenditure Program

The NAR-led RPAC MLS Independent Expenditure Program will solicit investments from Multiple Listing Services and is a win-win for all levels of the Association. Fifty percent of monies raised via this program will be used by NAR for federal Independent Expenditures; the other 50% will be applied to each respective state's allocation of NAR state and local independent expenditure funds. Furthermore, the 50% used at the national level will reduce the overall national needs-based goal for the following cycle, which means all states' goals will decrease proportionately.

The RPAC MLS Independent Expenditure Program will be overseen by the NAR Corporate Investor Council. Funds raised via this program will not count towards a state's needs-based goal. However, as mentioned above, states' goals will be reduced the next cycle. This gives states the option to keep more money at the state and local level if they desire. States also benefit by receiving half of the funds back in their state's NAR state and local Independent Expenditure Program allocation.

Fewer than 3% of MLSs nationwide are currently investing, so this "new" money is a win-win for all levels of the association.

Sharing arrangement between states

Some state associations may have compelling reasons to conduct an independent expenditure campaign, but not the funds to do so. NAR would investigate a sharing arrangement for funding independent expenditures between participating state associations or their related PACs when one state has the funds to make available to another state that needs them.

Bottom Line

The RPAC Fundraising Goal Policies accomplish the following:

1. One national goal;
2. Based on what we need;
3. Transparent goal setting process;
4. More soft dollars to ensure we remain competitive in an environment where corporate dollars are completely unregulated.

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Implementation Guide

New Fundraising Goals

- ✓ It is the State Association's responsibility to notify their Local Associations of the state's fundraising goal and what their Local Association goal is. NAR does not set goals for Local Associations (see attachment for sample letter).
- ✓ It is the State Association's responsibility to communicate with their Local Associations regarding the amount that should be dues billed. NAR does not set a dues billing amount for Local Associations.

Transferring RPAC money without the 70%-30% split

- ✓ States may choose to keep their contribution sharing and money transmittal process the same (i.e. 70%-30% split). There is no requirement that any change be made.
- ✓ **For states that wish to change their split process for 2015, NAR must be notified by January 31, 2015 with the new "split plan" for RPAC receipts.** Please contact NAR RPAC Technology Director Peter Kelly (pkelly@realtors.org) with any changes you wish to make to your RPAC transmittal process.
- ✓ In future years, NAR must be notified before the first dollars are raised in the state if a change in RPAC transmittals is desired. For example, if your state begins dues billing in June for the next year, NAR would need to know the new transmittal plan the month prior.
- ✓ A change in transmittal process can only be done once a year since the monies must be treated as described in the solicitation notice/disclaimer provided to the member at the time of investment.
- ✓ It is the state's responsibility to notify their Local Associations of any change made to their RPAC split / transmittal process.
- ✓ For funds received directly at NAR RPAC, 70% of the investment will be sent back to the state unless otherwise directed.
- ✓ Reminder: In order for a Major Investor (individual or entity) to receive Major Investor recognition, 30% of the investment must be forwarded to NAR.

- ✓ Beginning in 2015, funds raised via NAR's RPAC Fundraising Resources DO NOT have to be split 70%-30% with NAR. These resources include Fundraising Grants, Professional Phone Campaigns, Online Fundraising Program and the Aristotle Mobile Processing (AMP) device.

Proper Legal Disclaimer Required

- ✓ It is the responsibility of the State or Local Association soliciting RPAC investments to ensure the disclaimer used is legal and complies with federal and state law (whether the state changes its transmittal process or not).
- ✓ NAR's legal department is available to review solicitation notices/disclaimers to ensure they comply with federal law. Please contact Ralph Holmen (rholmen@realtors.org) or Finley Maxson (fmaxson@realtors.org). The State Association or Local Association must also confirm that the solicitation includes any disclaimer/solicitation notice required by state law.
- ✓ Below are three different generic disclaimers that can be used as a template. The first two may be used when soliciting hard dollars a portion of which it to be provided to National RPAC. The third may be used, along with any language required by state law, when soliciting contributions 100% of which will be retained by the state PAC for use in state elections. If a state or local association wishes to solicit soft dollar contributions or dues bill for funds to be sent to NAR to satisfy a portion of the State Association's goal, other disclaimer/solicitation language may also be required, but those details will depend on the nature of the solicitation and the intended use of such soft money. Consult with RPAC staff for more information. IMPORTANT: It is the state's responsibility to make sure the disclaimer used complies with federal and state law.

Disclaimer Sample #1: If the proceeds of the fundraising activity will be split with National RPAC but the solicitation does not include a suggested contribution amount:

> Contributions are not deductible for federal income tax purposes. Contributions to RPAC are voluntary and are used for political purposes. You may refuse to contribute without reprisal. ____% of each contribution is used by your state PAC to support state and local political candidates; ___% is sent to National RPAC to support federal candidates and is charged against your limits under 2 U.S.C. 441a. [Add the state contribution solicitation notice, if any]

Disclaimer Sample #2: If the proceeds of the fundraising activity will be split with National RPAC and the solicitation contains a suggested contribution amount (such as in the case of dues billing):

Contributions are not deductible for federal income tax purposes. Contributions to RPAC are voluntary and are used for political purposes. The amounts indicated are merely guidelines and you may contribute more or less than the suggested amounts. The National Association of REALTORS® and its state and local associations will not favor or disadvantage any member because of the amount contributed or decision not to contribute. You may refuse to contribute without reprisal. ____% of each contribution is used by your state PAC to support state and local political candidates; ___% is sent to National RPAC to support federal candidates and is charged against your limits under 2 U.S.C. 441a. [Add the state contribution solicitation notice, if any]

Disclaimer Sample #3: If the proceeds of the fundraising activity will not be split with National RPAC, and the state will retain 100% of the contributions:

Contributions are not deductible for federal income tax purposes. [Add the state contribution solicitation notice, if any]

RPAC Fundraising Year: Jan 1 – Dec 31

- ✓ For funds not received by NAR, investments must be input into the Aristotle PAC Management System by December 31.
- ✓ For funds sent to NAR, they must be transmitted to NAR by the third Friday in December each year to allow for the monies to settle in NAR's bank account by the end of the year. In 2015, the third Friday is December 18, 2015.
- ✓ It is the state's responsibility to inform their Local Associations of NAR's fundraising deadline and, if different than NAR's, the state's fundraising deadline.
- ✓ States may have a different date for internal state fundraising purposes, but the December date will be used for all NAR Awards and recognition (i.e. Major Investors, total dollars raised towards needs-based goal, RPAC participation, Triple Crown, President's Cup, etc…).