



## DISPOSING OF LOANS AND DEBTS

### HOW TO DISPOSE OF OUTSTANDING LOAN BALANCES

If you have questions, please contact the Commission at:

207-287-4179.



If you have an outstanding loan balance of more than \$100 and want to close out your campaign with the filing of your 42-Day Post-Election Report, you may:

- forgive the outstanding loan balance. You must enter a contribution on Schedule A for the forgiven loan amount. The name of the contributor is you, your spouse or domestic partner (for loans made by these entities) or the name of the individual who made a loan to you (individuals may only loan up to \$750—if they did not make a cash contribution to your campaign); and/or
- make a payment with campaign funds to reduce the outstanding loan balance to \$100 or less.

Most candidates with outstanding loan balances decide to forgive these balances because they do not want to be responsible for filing Post-Election Semiannual Reports.

If you have an outstanding loan balance of more than \$100, you must file Post-Election Semiannual Reports. Chapter 1 of Commission Rules states that “the Commission may consider any reported loan to be a cash contribution if it remains unpaid four years after the election in which it was incurred.”

### HOW TO DISPOSE OF UNPAID DEBTS

If the unpaid debt or obligation is with a vendor, you may dispose of or reduce the unpaid debt to an amount of \$100 or less by:

- using campaign funds to pay the debt. You are permitted to fundraise after the election for the purpose of paying off debts;
- using your personal funds to pay the vendor. There is no limit in Maine Election Law on the amount of funds that you, your spouse or domestic partner may contribute to your campaign. Report the payment as an in-kind contribution on Schedule A-1 or report a contribution on Schedule A from you and report a corresponding expenditure on Schedule B for the payment; or
- having the vendor make an in-kind contribution of up to \$750 for the services/goods provided. Remember that contributors may give up to \$750 in aggregate for the election which means that any prior contribution from that vendor is counted towards the \$750 limit.

A commercial vendor that has extended credit to a candidate has not made a contribution if the credit is extended in the ordinary course of the vendor’s business and the terms are substantially similar to the extension of credit made to nonpolitical customers that are of similar risk and size of obligation.

The Commission shall presume any debt that remains unpaid more than six months after the election to be a contribution the candidate unless the candidate provides evidence that they intend to pay off the debt.

If an unpaid debt is to you, your spouse or domestic partner (e.g., an expenditure was made with personal funds and has not been reimbursed with campaign funds), you can report the unpaid debt as an in-kind contribution on Schedule A-1 or report it as a contribution on Schedule A from you and report a corresponding expenditure on Schedule B for the payment.

If an unpaid debt is to a volunteer or supporter (e.g., they made an expenditure with their personal funds and have not yet been reimbursed with campaign funds), you can report the unpaid debt as an in-kind contribution from them on Schedule A-1 as long as the amount does not exceed \$750. Remember that contributors may give up to \$750 in aggregate for the election which means that any prior contribution from that person is counted towards the \$750 limit.