

**ALLOCATION OF ASSETS
FROM THE PRIMARY ELECTION TO THE GENERAL ELECTION**

Part I: Permanent Assets

In determining the “fair market value” of the committee’s permanent assets, the original cost of each asset should be depreciated by the percentage shown below for each month, or portion of month, that the committee has owned the asset.

According to IRS rules for depreciation, MACRS (Modified Accelerated Cost Recovery System) is used for most tangible depreciable property placed in service after December 1986. The assets usually involved in a political campaign and those transferable from the Primary Election to the General Election are in the following classes of property with the applicable depreciation percentage shown.

<u>Class</u>	<u>Type of Asset</u>	<u>1st Year Depreciation Percentage</u>	<u>Monthly Percentage</u>
5-Year MACRS	Typewriter, calculator, adding and accounting machines, copiers and duplicating equipment, computers, automobiles and light trucks	20.0%	1.67%
7-Year MACRS	Office furniture, fixtures and equipment	14.29%	1.20%

Depreciation = Original cost x monthly percentage x number of months owned
 Fair market value = Basis (or original cost) – depreciation

Example: Asset cost \$5,000.00 owned for 6 months before transfer
 Depreciation = \$5,000.00 x .0167 x 6 months = \$501.00
 Fair market value = \$5,000.00 - \$501.00 = 4,499.00

Part II: Consumable Supplies

The value of any on-hand consumable supplies purchased for the Primary Election and used in the General Election must be a reasonable approximation of the original cost.

Part III: Film and Tape Production Costs

If film or tape for radio or television is produced in the Primary Election and used in the General Election, determine the proportionate cost to be allocated to the General Election by following the steps shown below. Note that where “unit” is used, measurement can be in either feet or seconds, but not both.

STEP 1: Determine the following totals:

- Total costs, Primary Public Funds
- Total costs, Primary Private Funds
- Total Primary Production Costs
- # Units used in Primary
- # Units used in both Primary and General
- # Units produced in Primary, but used in General, but not used in Primary (referred to below as “used in Gen only”)

STEP 2: Determine the cost per unit, as follows:

$$\text{COST PER UNIT} = \frac{\text{TOTAL PRIMARY PRODUCTION COSTS}}{\# \text{ UNITS USED IN PRIM} + \# \text{ UNITS USED IN GEN ONLY}}$$

STEP 3: Determine the cost to be allocated for film and tape (F & T) that was used in both elections, as follows:

$$\text{COST OF F \& T} = \frac{\text{COST PER UNIT} \times \# \text{ UNITS USED IN BOTH ELECTIONS}}{2}$$

STEP 4: Determine the cost to be allocated for film and tape that was produced in the Primary Election and used in the General Election, but not used in the Primary Election, as follows:

$$\text{COST OF F \& T} = \text{COST PER UNIT} \times \# \text{ UNITS USED IN GENERAL ONLY}$$

STEP 5: Determine the total cost of Primary film and tape production allocated to the General Election, as follows:

$$\text{TOTAL ALLOCATION} = \text{COST OF F \& T USED IN BOTH ELECTIONS} + \text{COST OF F \& T USED IN GENERAL ELECTION ONLY}$$

STEP 6: Determine the amount to be reimbursed to the Primary public funds account, as follows:

$$\text{AMOUNT} = \text{TOTAL} \times \frac{\text{TOTAL COST PRIMARY PUBLIC FUNDS}}{\text{TOTAL PRIMARY PRODUCTION COST}}$$

REIMBURSED ALLOCATION

STEP 7: Determine the amount to be treated as an in-kind expenditure made by the Primary campaign and as an in-kind contribution received by the General campaign (i.e., an in-kind transfer) as follows:

$$\text{IN-KIND} = \text{TOTAL} \times \frac{\text{TOTAL COST PRIMARY PRIVATE FUNDS}}{\text{TOTAL PRIMARY PRODUCTION COST}}$$

TRANSFER ALLOCATION