



STATE OF CONNECTICUT
STATE ELECTIONS ENFORCEMENT COMMISSION

**TESTIMONY PRESENTED BEFORE THE GOVERNMENT ADMINISTRATION AND
ELECTIONS COMMITTEE**

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House Bill 6533 - The Citizens' Election Program and Campaign Finance Laws

The State Elections Enforcement Commission provides the following testimony in support of **House Bill 6533** which includes the Commission's proposed legislative changes concerning the Citizens' Election Program. This proposal goes to great lengths to simplify and streamline Program requirements and disclosure requirements. The Commission supports this bill in large part and provides the following information on what the bill accomplishes as well as those portions of the proposal the Commission does not support.

1. Modifies and Streamlines Reporting Requirements

Modifies "90 percent" Supplemental Reporting

Under the current system, candidate committees in primaries or elections where there is at least one participating candidate are required to file supplemental financial disclosure statements with the Commission when they have raised funds or made or incurred expenditures, which in the aggregate, exceed 90 percent of the participating candidates applicable expenditure limit. Once this 90 percent trigger is hit, all candidates in the race are responsible for filing periodic supplemental disclosure statements either weekly or bi-weekly. During the 2008 and 2010 elections, we heard from numerous treasurers that this 90 percent reporting requirements was confusing. In particular, committees found it challenging to figure out when the initial 90 percent report was due, as this requires keeping an up to the day record of receipts and expenditures. Also, the current system is problematic as one committee's filing obligations can be triggered by another committee's financial activity. Put simply, this system has never functioned properly. Many candidate committees have not completed the requisite filings and thus, in some races, there has not been the intended high level of disclosure just prior to the election.

House Bill 6533 replaces the "90 percent" supplemental reporting structure with an easy to follow finite schedule of weekly reporting deadlines in the weeks prior to primary or election day for candidate committees in races where there is at least one participating candidate. Imposing a set filing schedule will make compliance with the Program easier for candidates and their treasurers, while ensuring complete financial disclosure and transparency, especially in the crucial time right before an election.

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Provides Consistency in Campaign Finance Disclosure Statements

The current law lacks consistency and clarity as to the timing of certain filing deadlines, the mechanisms for filing and the reporting periods covered by certain filings. **House Bill 6533** provides consistent filing requirements and deadlines. It also eliminates the requirement that town committees file copies of all statements with the town clerks; this requirement is unnecessary, since town clerks and the public can access all town committee filings via the Commission's eCRIS.

2. Prohibits Qualifying Contributions from Minors Under the Age of 12

House Bill 6533 sets twelve years old as the minimum contributor age for qualifying contributions under the Citizens' Election Program. This change is essential to protecting the integrity of the Program, as it helps to ensure donative intent of contributors prior to an award of public monies, allows for adequate review within the time-frame allotted by law to process grant applications, and sets forth a bright line for participating candidates to follow when gathering qualifying contributions.

3. Extends Review Time for Statewide Grant Applications to Ten Days and Modifies Review Period for General Election Grant Applications Submitted During the Primary Grant Application Deadline Week

This change offers fiscal savings for all future statewide elections. Under the current system, the Commission has four business days to review and approve or disapprove applications for public grants. This four-day turnaround period is generally sufficient for legislative offices, and in the 2008 elections the Commission successfully reviewed over 250 applications for public grants within these tight time constraints. In 2010, the Commission reviewed 253 grant applications from both statewide and General Assembly candidates. It became evident that the four-day turnaround time was insufficient with respect to applications for statewide candidates. Such candidates must raise a substantially greater amount of qualifying contributions, which in turn means that Commission audit staff must review a substantially greater amount of backup documentation during the grant review process. In 2010, while the average General Assembly candidate's application required review of between 200 and 400 contributions during the four-day review period, the average statewide office candidate's application required review of between 1,000 and 1,500 contributions. In 2010, this meant Commission audit staff members working significant overtime hours in order to meet the statutory deadlines for review.

House Bill 6533 seeks to remedy this deficiency by providing ten business days to review statewide applications. This change offers fiscal savings for all General Assembly and statewide elections. In addition, **House Bill 6533** extends the time the Commission has to review general election grant applications submitted during the final week that primary grant applications are permitted. This change is essential as the Commission must be permitted flexibility to first review primary applications and to release grant funds for the impending primary election, before it turns to general election applications.

4. Adds Organization Expenditure Limits and Reporting Requirements for All Statewide and General Assembly Candidates

This will greatly increase transparency of organization expenditures made to benefit *all* statewide and General Assembly candidates. Under the current law, only General Assembly candidates participating in the Program are subject to organization expenditures limits and reporting. **House Bill 6533** seeks to eliminate this gap in the law, by setting monetary limits and mandating reporting on organization expenditures made on behalf of all candidates for statewide and General Assembly offices.

5. Exempts “1B filers” Who Certify They Will Spend Less than \$1,000 from filing the Affidavit of Intent to Abide or Not Abide

This change is intended to simplify filing requirements for certain treasurers and candidates. The Program currently requires all General Assembly or statewide candidates to opt in or out of the Program by a specific deadline by filing an affidavit of intent to abide (SEEC Form CEP 10) or an affidavit of intent not to abide (SEEC Form CEP 11). This bill will exempt from this requirement those candidates who do not have financial disclosure requirements with the Commission because they have certified pursuant to section 9-608 (b) that they intend to raise and spend less than \$1,000 (“1B filers”). Such 1B filers should not be required to file either a SEEC CEP Form 10 or a SEEC CEP Form 11, as they have effectively already certified their intent **not** to participate in the Program by filing a statement pursuant to section 9-608 (b). The additional certification is unnecessary – indeed such candidates could not participate unless they first change their status and form candidate committees.

6. Simplify Process for Documenting Qualifying Contributions from Individuals with Joint Checking Accounts

This change is intended to simplify the grant application process for treasurers. Currently, the statute requires the Commission to attribute contributions drawn on a joint checking account to the individual who signed the check – even if both account holders have submitted signed certification forms. This has created much confusion for both contributors and treasurers. **House Bill 6533** permits contributors using a joint checking account to designate, in writing, how they want their contribution to be allocated. This change will help to ensure donative intent.

7. Revises Testimonial Provision to Make Clear that Party Committees May Hold Fundraisers that also Recognize or Honor Candidates or Elected Officials Without Turning that Event into a Testimonial

This change seeks to address confusion created by the testimonial limitations for town committees and candidates. **House Bill 6533** amends section 9-609 (b) to allow party committees to recognize or honor candidates and elected officials at a party committee fundraiser, without that event being deemed a “testimonial” (which would mean that all funds raised at that event would be deemed contributions to the honored candidate or elected official). It is common practice for town committees to hold fundraisers, where all funds raised go to the town committee, and where the town committee *also* honors or recognizes a candidate or elected official. The law as currently written suggests that such an event might be considered a “testimonial;” in some instances complaints have been filed, and agency resources have been

used to investigate the allegations, where ultimately it was concluded that the event was merely a fundraiser for the town committee.

Portions of the Bill that the Commission does not Support

There are two specific provisions of **House Bill 6533** that the Commission does not support.

The Commission **opposes** the proposed changes in lines 339-340 to permit qualifying contributions from sole proprietorships. These contributions will have significant fiscal impact and expose treasurers to increased liability. Note that this change is also proposed in **House Bill 5164**, for which the Commission has also provided testimony. Currently, the law does not permit qualifying contributions from sole proprietorships. This is because often it is difficult, if not impossible, for a treasurer and later Commission audit staff to distinguish between a contribution from a sole proprietorship and one from a business entity. Thus this proposed change will make it exceedingly more difficult for treasurers to prevent the deposit of **prohibited** business entity contributions. This proposal will also have a significant fiscal impact. The Commission is subject to a strict four-day grant application review timeline. Because this change will require Commission audit staff to “look behind” many more contributions, the Commission will either have to commit more man power to each grant application to review and verify questionable qualifying contributions that may be impermissible. In addition, this change will make it possible for a contributor to give qualifying contributions from both his personal and his sole proprietorship account, potentially thwarting the qualifying contribution limit and requirements to demonstrate adequate public support.

The Commission also **opposes** the proposed exemption found in lines 199-202 for treasurers from obtaining a new lobbyist/state contractor certification card “unless information certified to by the contributor, other than the amount, changes” because it will increase a treasurer’s liability significantly and will require additional resources for enforcement of consequent violations. Note that this change is also proposed in **House Bill 5883**, for which the Commission has also provided testimony. Presumably this change was meant to alleviate some of the stress on treasurers who must under the current law obtain a certification card for every contribution over \$50. Unfortunately, this amendment is untenable, as there is no way for a treasurer to know, without first contacting the contributor, whether or not the information on the initial card has changed necessitating a new card. Thus, this amendment will **add** to the treasurer’s responsibilities rather than diminish them. Also, under the amendment as written, a treasurer could obtain a certification form and then rely on that card going forward in perpetuity. The Commission treats the contribution card as an insurance policy for the treasurer. As the law is currently written, if a treasurer obtains a card that indicates someone is not a lobbyist or a state contractor, he is permitted to rely on this card. This amendment will cancel this insurance policy. In other words, it is likely to lull treasurers into a false sense of security regarding the status of contributors and will ultimately subject treasurers to increased liability. Put simply, the Commission strongly opposes this amendment because it is not treasurer-friendly.

Connecticut's comprehensive campaign finance laws, including the lobbyist and state contractor provisions, have made our state a national model for campaign finance reform. The Citizens' Election Program represents the broadest, most comprehensive, and most successful effort to remove special interest money and the appearance of corruption from the political system undertaken by any state in our nation's history. The Program provides public grants to qualified candidates seeking election to Connecticut state office. And, indeed, the recent elections demonstrate that Connecticut citizens are already reclaiming their government with the already dramatically reduced role of special interest influence in Connecticut elections.

In 2010, Connecticut passed an extremely important milestone— in that the Program was not only available for General Assembly candidates but for statewide office. 252 candidates (approximately 70 percent of the total candidates) running for General Assembly seats elected to use the Program. In the Program's second run for General Assembly campaigns in 2010, a total of 74 percent of the legislators elected came to office using the Program. And, 100% of the candidates elected to statewide offices participated in the voluntary Program. The entire elected body of Statewide officers for the State of Connecticut can say they came to office free of special interest money.

At this time, the General Assembly must keep Connecticut at the vanguard of reform by ensuring that the Commission and the Citizens' Election Fund continues to have necessary resources to administer the Program and safeguard the public fisc. The Program cannot remain successful unless it adapts to address changing circumstances and weaknesses uncovered.

The Commission's legislative proposals reflect the desire to simplify and streamline Program requirements, as well as disclosure requirements applicable to all candidates and committees. Thank you for considering the matters raised by this testimony as this Committee evaluates possible amendments to the Program and to our campaign finance disclosure system. Thank you for your consideration.