

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 13-180—HB 6580

Government Administration and Elections Committee

**AN ACT CONCERNING DISCLOSURE OF INDEPENDENT
EXPENDITURES AND CHANGES TO OTHER CAMPAIGN FINANCE
LAWS AND ELECTION LAWS**

SUMMARY: This act modifies laws affecting elections, campaign finance, the Citizens' Election Program (CEP), and the State Elections Enforcement Commission (SEEC). Generally, the act:

1. authorizes persons, not only individuals, entities, and committees, to make unlimited independent expenditures (IEs);
2. authorizes persons to accept unlimited covered transfers;
3. changes reporting and disclaimer requirements for IEs and establishes them for covered transfers;
4. specifies that political committees do not have to register with SEEC if they will make only IEs;
5. expands contribution and expenditure exemptions;
6. raises various contribution limits;
7. limits the circumstances under which a candidate may be cross-endorsed by a minor party;
8. authorizes candidate committees to reimburse each other for shared expenses when no legal obligation to pay exists;
9. eliminates certain periodic campaign finance reporting requirements for specified candidates and committees;
10. limits who may serve as a campaign treasurer or deputy treasurer, or apply for a CEP grant, based on previous felonies or campaign finance violations;
11. creates a gift exception under the Code of Ethics for certain expenses incurred by a public official that are paid by the official's party committee;
12. makes changes affecting the service and terms of SEEC members, including lifting the ban on serving consecutive terms;
13. increases maximum penalties for failing to file IE reports and knowing and willful campaign finance violations;
14. makes a candidate and his or her treasurer or agent jointly and severally liable for certain penalties SEEC levies; and
15. authorizes SEEC to waive penalties associated with certain reports that were due in January 2012 and modifies what constitutes a timely filing.

The act also:

1. extends the deadline by which treasurers must deposit contributions in their committee's depository account from 14 to 20 days after receiving them (§ 5);
2. requires a political committee's (PAC) treasurer, rather than its

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chairperson, to report most changes to information on the registration statement it files with SEEC (the chairperson remains responsible for filing the initial statement and reporting any committee officer changes) (§§ 13 & 16);

3. specifies that the \$1,000 payment the law allows CEP candidates to pay their treasurers from surplus funds is in addition to any payments made to the treasurer under a written services agreement (§ 15);
4. authorizes candidate committees, other than those for participating CEP candidates, to distribute surplus funds to charitable 501(c)(19) (veterans') organizations following an unsuccessful primary or election (§ 15); and
5. requires the word "party" to appear after the names of political parties and party designations on the ballot (§ 40).

The act makes several conforming and technical changes. Among other things, it replaces the terms "campaign treasurer" with "treasurer" and "deputy campaign treasurer" with "deputy treasurer" throughout the campaign finance statutes (§§ 1 & 12).

EFFECTIVE DATE: Upon passage

§§ 1-3 & 6 — DEFINITIONS

§ 1 — Candidate

By law, "candidate" means an individual who seeks election or nomination for election to public office. The act limits what it means to "seek nomination for election or election" and thus, who is considered a candidate.

Under prior law, an individual was deemed to be seeking nomination or election if, among other things, he or she (1) solicited or received any contribution or (2) gave his or her consent to any person to solicit or receive contributions, or make expenditures, with the intent of bringing about his or her nomination or election. The act allows an individual to solicit or receive contributions for, or give his or her consent to, a party committee for the above purposes without being considered a candidate.

§ 1 — Entities

By law, an "entity" is an organization, corporation, cooperative association, limited partnership, professional association, limited liability company, or limited liability partnership, whether organized in Connecticut or another state. The act specifies that entities include (1) for- and not-for-profit corporations and (2) tax-exempt 501(c) and 527 organizations.

§ 1 — Covered Transfers and Affiliates

The act defines "covered transfer" as any donation, transfer, or payment of funds by a person to another person if the recipient (1) makes IEs or (2) transfers funds to another person who makes IEs.

Under the act, "covered transfer" does not include:

1. a donation, transfer, or payment that a person makes in the ordinary course of trade or business;

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2. a donation, transfer, or payment that (a) a person makes and prohibits from being used for IEs or covered transfers and (b) the recipient agrees not to use for these purposes and deposits in an account that is segregated from one from which IEs or covered transfers are made; or
3. dues, fees, or assessments that are transferred between affiliated entities and paid by individuals on a regular, periodic basis in accordance with a per-individual calculation made on a regular basis.

For purposes of covered transfers, “affiliated” means that:

1. the entity’s governing instrument requires it to be bound by another entity’s decisions;
2. the entity’s governing board includes people who are specifically designated representatives of the other entity or who are members of the governing board, officers, or paid executive staff of the other entity, or whose service on the governing board is contingent upon the other entity’s approval; or
3. the entity is chartered by the other entity.

The act specifies that “affiliated” includes entities that are affiliates of each other or both affiliates of a third entity.

§ 1 — Party Building Activities

The act defines “party building activity” as any (1) political meeting, conference, convention, or other event and (2) associated expenses, including travel, lodging, admission fees, or other costs. Involvement or attendance at the event must promote or advance the interests of a party at the local, state, or national level, but the party need not sponsor the event.

§ 1 — Social Media

The law defines “social media” as an electronic medium where users may create and view user-generated content, such as uploaded or downloaded videos or still photographs, blogs, video blogs, podcasts, or instant messages. Previously, this definition applied only in the context of certain de minimis activities that are not considered contributions. The act applies the definition to all state campaign finance laws.

§ 1 — Solicit

Existing law defines “solicit,” in part, as participating in a committee’s fundraising event by, among other things, receiving contributions for transmission to the committee. The act expands the definition to include (1) serving on the committee hosting a fundraising event, (2) introducing the candidate or making other public remarks at a fundraising event, or (3) being honored or otherwise recognized at a fundraising event. The act specifies that mere attendance at such an event is not considered solicitation.

§§ 2 & 3 — Contribution and Expenditure

Anything of Value Promoting a Candidate or Party. Prior law defined

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“contribution,” in part, as any gift, subscription, loan, advance, payment, or deposit of money or anything of value made (1) “for the purpose of influencing” the nomination or election of any person or (2) “on behalf” of a political party. The act expands the definition to cover anything of value that promotes either the success or defeat of a candidate or political party. It makes the same change to the parallel definition of “expenditure.”

Communications. Prior law defined “expenditure,” in part, as any advertisement that (1) referred to one or more clearly identified candidates; (2) was broadcast by radio or television, other than on a public access channel, or appeared in a newspaper, magazine, or on a billboard; and (3) was broadcast or appeared during the 90-day period immediately preceding a primary or an election.

The act expands the definition to include communications, not only advertisements, and communications and advertisements that:

1. are broadcast by satellite or the Internet, paid-for telephone communications, or sent by mail and
2. appear at any time, not only during the 90-day period immediately preceding a primary or an election.

However, under the act, such a communication is not considered an expenditure or a contribution if it is (1) made more than 90 days before the primary or election and for the purpose of influencing legislative or administrative action, as defined by the Ethics Code, or executive action or (2) during the legislative session to influence legislative action.

§ 6 — *Lawful Purposes of a Committee*

The act expands the definition of “lawful purposes of the committee” for PACs’, party committees’, legislative leadership committees’, and legislative caucus committees’ permissible expenditures.

For PACs, it adds promoting a political party, including party-building activities. For party committees, it adds party-building activities.

For legislative leadership and legislative caucus committees, it adds spending funds to defray costs associated with legislative or constituency-related business that the state does not pay for or reimburse. Under prior law, legislative leadership committees could not spend funds for these purposes. Legislative caucus committees could, but were limited to defraying their members’ costs.

§§ 2 & 3 — CONTRIBUTION AND EXPENDITURE EXEMPTIONS

The law creates contribution and expenditure exemptions for certain items and services. The act expands both.

§ 2 — *Ad Books*

The law creates a contribution exemption for certain advertising space purchases from town committees in a program (i.e., ad book) for, or on a sign at, a fundraising affair. The act extends the exemption, and its limits, to purchases from state central and political committees, other than exploratory committees.

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Under the act, business entities and individuals may purchase advertising space valued at up to \$250 and \$50, respectively, in such a program or on such a sign. The act applies to these purchases existing law's prohibition on advertising space purchases from town committees by (1) lobbyists and their immediate family members and (2) current and prospective state contractors, their principals, and immediate family members.

§ 2 — De Minimis Activities

The law creates a contribution exemption for certain de minimis campaign activities that benefit PACs and party, slate, and candidate committees. The act expands the list of de minimis activities to include voluntarily creating a digital photo or video, free of charge, that is part of an electronic file.

§§ 2 & 3 — Endorsement Communications

The act exempts from the definitions of contribution and expenditure certain endorsement communications. Specifically, it exempts communications:

1. in any form, that contain an endorsement by a statewide or legislative office candidate for another statewide or legislative office candidate for nomination or election, provided the (a) endorser is unopposed at the time of the communication and (b) endorsee pays for the communication or
2. sent by mail, that contain an endorsement by a legislative office candidate for another legislative candidate for nomination or election if the (a) communication is sent to addresses in the district where the endorsee is running for office, (b) endorser and endorsee are not running in districts that share any geographical area, and (c) endorsee pays for the communication.

§§ 2 & 3 — Volunteer Services

By law, volunteer services provided by individuals are not considered campaign contributions or expenditures. Individuals are considered volunteers if they do not receive compensation for the services they perform, regardless of whether they could receive compensation in the future for the same services.

The act conforms the expenditure exemption for uncompensated volunteer services to the parallel contribution exemption that PA 11-48 modified for these services. The act also expands both exemptions to cover volunteers who could receive compensation in the future for similar, not only the same, services.

§§ 2 & 3 — House Parties

The act conforms the expenditure exemption for costs associated with hosting a house party to the parallel contribution exemption that PA 11-48 modified for these costs.

In addition, the act specifies that the candidate or committee on whose behalf the party is being hosted may pay any portion of the invitation costs; the host need not cover the costs. In that case, the amount the candidate or committee spends on invitations does not count toward the exemption threshold.

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§§ 2 & 3 — Office Space and Equipment

The act exempts from the definitions of contribution and expenditure any office space or office equipment that a party, legislative caucus, or legislative leadership committee provides if those committees use the space as their headquarters and use the equipment. Office equipment includes telephones, computers, and similar equipment. The act eliminates as an organization expenditure the provision of offices and office equipment by such a committee (see ORGANIZATION EXPENDITURES).

§§ 2 & 3 — Campaign Training Events

The act exempts from the definitions of contribution and expenditure the costs that a legislative caucus committee incurs, up to an aggregate value of \$6,000 in a calendar year, for (1) providing campaign training to multiple individuals and (2) associated materials.

§§ 2 & 3 — Internal Communications

Prior law exempted from the definitions of contribution and expenditure all communications made by a corporation, organization, or association to its members, owners, stockholders, executive or administrative personnel, or families. Under the act, the exemption applies only when the communication is made solely to the above-listed recipients.

§ 3 — Communications by Nonprofit Organizations

The act specifies that lawful communications by charitable 501(c)(3) organizations are not considered expenditures. Under federal law, these organizations are prohibited from engaging in political campaign activities.

§ 3 — Expenses of Up to \$200

The act exempts as an expenditure expenses of up to \$200 in the aggregate that a human being acting alone incurs to benefit a candidate for a single election.

§§ 1 – 3 & 28 — ORGANIZATION EXPENDITURES

By law, organization expenditures are made by legislative caucus, legislative leadership, or party committees for the benefit of candidates or their committees. They are not considered campaign contributions, but the law places restrictions and limits on those made to benefit legislative candidates participating in the CEP.

The act:

1. allows state central committees to make unlimited organization expenditures to benefit the general election campaigns of legislative candidates participating in the CEP;
2. makes changes to what qualifies as another type of organization expenditure (i.e., party candidate listing); and
3. eliminates one type of organization expenditure (i.e., for offices and office

equipment).

§ 28 — Organization Expenditure Limits

Under prior law, \$10,000 was the maximum amount a party committee (i.e., state central or town) or legislative caucus or leadership committee could spend on organization expenditures made to benefit the general election campaign of a CEP candidate for state senator. For a CEP candidate for state representative, \$3,500 was the maximum amount.

The act removes these limits for state central committees. Additionally, it requires SEEC, by January 15, 2014 and every two years thereafter, to adjust organization expenditure limits for the other committees in accordance with any change during the two preceding calendar years in the Consumer Price Index for All Urban Consumers (CPI-U) as published by the U.S. Department of Labor, Bureau of Labor Statistics.

§ 1 — Party Candidate Listings

By law, a party candidate listing is a communication that identifies one or more candidates and meets several criteria (e.g., distributed through public advertising or other specified delivery methods). The act expands the content that these listings may cover by eliminating the requirement that they (1) treat all candidates in the communication substantially similarly and (2) limit subject matter to (a) identifying information for each candidate; (b) encouragement to vote for them; and (c) information about voting, including voting hours and locations.

Instead, under the act, party candidate listings may promote the success or defeat of a (1) candidate or slate of candidates seeking nomination or election, (2) referendum question, or (3) political party. As under existing law, these listings cannot solicit for or on behalf of a candidate.

§ 1 — Mechanism for Online Contributions

The act establishes a new type of organization expenditure. Specifically, it authorizes legislative caucus, legislative leadership, and party committees to make, as organization expenditures, expenditures for an electronic page that provides merchant account services that a candidate uses to collect online contributions.

§§ 1-3 — Offices and Equipment

The act eliminates from the definition of “organization expenditure” the use of offices, phones, computers, and similar equipment that do not result in an additional cost to the party, legislative caucus, or legislative leadership committee. It instead creates contribution and expenditure exemptions for similar activities (see CONTRIBUTION AND EXPENDITURE EXEMPTIONS).

§§ 4, 7–8, & 33 — INDEPENDENT EXPENDITURES

The law defines “independent expenditure” as an expenditure that is made

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without the consent, coordination, or consultation of a (1) candidate or candidate's agent, (2) candidate committee, (3) PAC, or (4) party committee.

Previously, state law authorized individuals, entities, or committees to make unlimited IEs. The act instead authorizes persons (which include individuals, entities, and committees) to make unlimited IEs. It also authorizes them to accept unlimited covered transfers.

By law, "person" means an individual, committee, firm, partnership, organization, association, syndicate, company trust, corporation, limited liability company, or any other legal entity of any kind. It does not mean the state or any political or administrative subdivision of the state.

§§ 8 & 33 — Committees That Make Only IEs

By law, committees, unlike individuals and entities, must register with SEEC before making IEs, and the contributions they receive are subject to limits (e.g., a labor PAC may contribute no more than \$2,000 per calendar year to another labor PAC).

Under the act, committees that will make only IEs do not have to register, or be registered, with SEEC, and may accept unlimited covered transfers. However, like other persons making IEs, they must submit IE reports.

Further, existing law, unchanged by the act, requires any committee that makes, solicits, or receives contributions to register with SEEC. Thus, under the act, if a committee makes only IEs, it must nonetheless register with SEEC if it makes, solicits, or receives contributions.

The act maintains the law's limits on contributions to committees that will make other types of expenditures. But because covered transfers are not designated as such, it is unclear how to differentiate them from contributions.

§§ 7 & 8 — IE Reporting Requirements

Existing law requires an individual, entity, or committee that makes or obligates to make IEs exceeding \$1,000 in the aggregate during a primary or general election campaign to file a report with SEEC. The act replaces prior law's reporting forms and requirements for IEs in an election or primary for statewide office or legislative candidates with new ones. It maintains existing reporting forms and requirements for persons making IEs for other reasons (e.g., to promote or oppose a statewide referendum or municipal office candidate).

Long- and Short-Form Reports. Under the act, a person must file a long-form report, as well as a short-form report, after first making or obligating to make an IE during a primary or general election campaign that (1) promotes the success or defeat of a statewide office or legislative candidate and (2) exceeds \$1,000 in the aggregate. By law, "primary campaign" means the period beginning the day after the close of the convention, caucus, or town committee meeting, whichever applies, to endorse a statewide office or legislative candidate and ending on primary day. "General election campaign" means the period beginning the day after the primary or day the candidate is nominated and ending when the campaign treasurer files the committee's final campaign finance statement.

For any subsequent IE, a person must file only the short-form report. Both

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reports must be filed with SEEC electronically within 24 hours after making or obligating to make an IE.

The long-form report must identify:

1. for the person making or obligating to make the IE or IEs, (a) name; (b) tax exempt status if applicable; (c) mailing address; (d) principal business address if different; and (e) address, telephone number, and e-mail address of the agent for service of process in Connecticut;
2. the date of the primary or election for which the IE or IEs were made or obligated;
3. the name of any candidate who was the subject of an IE or IEs, and whether the expenditures supported or opposed the candidate; and
4. for the individual filing the report, (a) name, (b) telephone number, and (c) e-mail address.

The short-form report must identify:

1. the name of the person making or obligating to make the IE;
2. the IE amount;
3. whether the IE supported or opposed a candidate, and any such candidate's name;
4. a brief description of the IE, including (a) the type of communication, based on categories SEEC determines, and (b) if it supports or opposes more than one candidate, an allocation for each; and
5. the name, telephone number, and e-mail address of the individual filing the report.

Affirmation. The individual who files the long- and short-form report must affirm, under penalty of false statement, that the expenditure is an IE. The penalty for false statement is a class A misdemeanor (see Table on Penalties).

Disclosing Covered Transfers. As part of both the long- and short-form reports, a person must disclose the source and amount of any covered transfer of \$5,000 or more, in the aggregate, it received during the 12 months before the applicable primary or election if the (1) transfer is intended to promote or oppose a candidate for statewide or legislative office and (2) IE (for which the report is being filed) is made or obligated to be made 180 or fewer days before the primary or election.

This disclosure requirement does not apply to any person that discloses the source and amount of such a covered transfer in a report it files with the Federal Election Commission (FEC) or Internal Revenue Service (IRS), provided it includes a copy of such report in the report it files with SEEC. But if the source and amount of a covered transfer is not included in an FEC or IRS report, the person must include that information in its report to SEEC.

Deadlines. The act requires both the long- and short-form reports to be filed with SEEC no later than 24 hours after making or obligating to make the IE. Prior law required a person to file IE reports within (1) 48 hours after making or obligating to make an IE more than 90 days before the primary or general election and (2) 24 hours after making or obligating to make the expenditure 90 days or fewer before the primary or general election.

§ 8 — *Dedicated IE Account*

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The act authorizes a person to establish a dedicated IE account to engage in IEs, unless otherwise prohibited by law. The dedicated account must be segregated from other accounts the person controls. It (1) may receive covered transfers directly from other persons but (2) cannot receive transfers from another account that the person that established it (IE maker) controls, with the following exception. If a person makes a covered transfer to a non-dedicated account that an IE maker controls, and requests that it be used for IEs from the dedicated account, the amount of that covered transfer may be transferred into the dedicated IE account. In that case, it is treated as a covered transfer directly to the IE account.

Under the act, if an IE maker establishes a dedicated account, any required disclosure of the source and amount of covered transfers is account-specific. This means disclosures are made on an account-by-account basis. Thus, the reports and disclaimers cannot include persons that made covered transfers (1) to any other account that the account owner controls and (2) that were subsequently transferred to the dedicated account, except as noted above.

§ 8 — Failure to File an IE Report

The law, unchanged by the act, requires individuals, entities, and committees that make or obligate to make IEs exceeding \$1,000 in the aggregate during a primary or general election campaign to file IE reports with SEEC. The act requires persons to file IE reports and increases the maximum (1) civil penalties SEEC may impose for failure to file or failure to timely file an IE report and (2) fine a court may impose for a knowing and willful failure to file.

Specifically, the act increases the maximum penalty that SEEC may impose from (1) \$5,000 to \$10,000 for failure to file or timely file more than 90 days before a primary or general election and (2) \$10,000 to \$20,000 for failure to file or timely file 90 days or fewer before a primary or general election. These reports are considered timely if the individual, entity, or committee files them within 24 hours after making or obligating to make the IE.

Previously, a knowing and willful failure to file an IE report was a crime punishable by up to five years in prison, up to a \$5,000 fine, or both. The act (1) eliminates imprisonment as a potential penalty and (2) increases, from \$5,000 to \$50,000, the maximum fine. It also specifies that SEEC may refer the matter to the chief state's attorney.

§ 4 — Rebuttable Presumption When Determining IEs

The law creates a rebuttable presumption that certain expenditures are not IEs, and thus are coordinated and considered contributions for campaign finance purposes. The act (1) replaces one type of expenditure under the rebuttable presumption with a similar type of expenditure; (2) expands another; and (3) specifies criteria, including the creation of a firewall policy, that SEEC must consider when evaluating expenditures.

Expenditures that are Not IEs. The act adds to the rebuttable presumption expenditures made by a person or an entity, on or after January 1st in an election year, that benefit a candidate when (1) the person or entity has hired an individual

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as an employee or consultant and (2) such individual was an employee of, or consultant to, the candidate's committee or that of his or her opponent during any part of the 18-month period preceding the expenditure. This provision replaces a similar provision in prior law, which the act eliminates, that covered expenditures made by a person who has an executive or policymaker who also serves or served, in the same election cycle, as the (1) candidate or the chairperson, treasurer, or deputy treasurer of a candidate, political, or party committee benefitting from the expenditure or (2) in any other executive or policymaking position of the committee.

Under existing law, the rebuttable presumption also covers expenditures that a person or entity makes for consultant or creative services to promote or oppose a candidate when the provider is providing services (i.e., at the time when the expenditure occurs) to the candidate, his or her committee, or his or her opponent or opponent's committee. The act expands this expenditure to cover services that (1) engage campaign-related vendors; (2) are provided to a committee's agent; or (3) were provided in the past, if the provision was after January 1 in the year the expenditure occurs. Under the act, "campaign-related vendor" includes a vendor that provides polling, mail design, mail strategy, political strategy, general campaign advice, or phone banking services.

Evaluation Criteria. The act specifies that when SEEC evaluates an entity's expenditure to determine whether it is an IE, it cannot presume that any of the following constitute evidence of consent, coordination, or consultation:

1. participation by a candidate or his or her agent in an event that the entity sponsors, unless the event (a) promotes the candidate's success or his or her opponent's defeat or (b) occurs during the 45 days before the applicable primary or election;
2. membership of the candidate or his or her agent in the entity, unless the candidate or agent holds an executive or policymaking position with the entity after the candidate becomes a candidate; and
3. financial support for, or solicitation or fundraising on behalf of, the entity by a candidate or his or her agent, unless the entity has made or obligated to make IEs in support of the candidate.

The act requires SEEC to consider a firewall policy, created by the person making the expenditure, as an effective rebuttal to the presumption. Under the act, the firewall policy must be designed and implemented to prohibit the flow of information between (1) employees, consultants, or other individuals providing services to the person paying for the expenditure and (2) the candidate or his or her agents.

§§ 8 & 9 — DISCLAIMERS AND ATTRIBUTIONS

By law, printed, video, and audio political advertisements must include certain attributions, which the act refers to as disclaimers. The act changes certain disclaimer requirements.

Generally, it:

1. expands the IE disclaimer requirements to cover persons, not only entities;
2. eliminates the requirement that 501(c) and 527 organizations list the

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names of their top five contributors during the 12 months before the date of the communication;

3. requires all persons that make IEs during the 90 days before a primary or election that promote or oppose a candidate to list the names of the five persons that made covered transfers, in the five largest aggregate amounts, during the 12 months immediately preceding the applicable primary or election; and
4. requires all persons making IEs to provide SEEC’s website as a source for additional information about the person making the communication (the act does not specify the information that must be provided).

Under prior law, the IE disclaimer requirements applied only to advertisements that (1) promoted a candidate’s election or defeat, (2) promoted or opposed a political party, or (3) solicited funds for a political party or PAC. Under the act, they apply to any communication that refers to one or more clearly identified candidates.

Since IEs are not, by definition, considered contributions, the act makes a technical change to the disclaimer provisions by substituting “donation” for “contribution” and “donor” for “contributor.”

§ 9 — Disclaimer Requirements

Table 1 lists each type of IE and its disclaimer requirements under prior law and the act. When a disclaimer is on a flyer or leaflet, or in a newspaper, magazine, or similar literature, the act requires it to be printed in at least an eight-point, uniform font.

Table 1: Disclaimer Requirements Under Prior Law and the Act

<i>Type of Independent Expenditure</i>		<i>Disclaimer Requirements</i>	
<i>Prior Law</i>	<i>The Act (lists changes, otherwise the same)</i>	<i>Prior Law</i>	<i>The Act (lists changes, otherwise the same)</i>
Written communication, including one that is typed, printed, or web-based	Includes billboards	The communication must bear upon its face: <ul style="list-style-type: none"> ● “Paid for by” and the name of the entity, the chief executive officer (CEO) or equivalent, and the principal business address 	The communication must bear upon its face: <ul style="list-style-type: none"> ● “Paid for by” and the name of the person making the IE ● For IEs made during the 90 days before a primary or election, the names of the five persons that

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		<ul style="list-style-type: none"> • “This message was made independent of any candidate or political party” • In the case of a 501(c) or a 527 tax-exempt organization, “Top Five Contributors,” followed by a list of the five people or entities making the largest reportable contributions during the previous 12 months 	<p>made the five largest aggregate covered transfers to the person making the communication during the 12 months immediately preceding the applicable primary or election</p> <ul style="list-style-type: none"> • A statement that additional information about the person making the communication is available on SEEC’s website
Television or Internet video advertising	Adds videos broadcast by satellite	<p>The end of the advertisement must show, for at least four seconds:</p> <ul style="list-style-type: none"> • A clearly identifiable image of the entity’s CEO or equivalent • A simultaneous, personal audio message, stating “I am (name of entity’s CEO or equivalent), (title) of (entity). This message was made independent of any candidate or political party, and I approved its content” 	<ul style="list-style-type: none"> • The end of the advertisement must show, for at least four seconds, the following audio message and written statement: “This message was paid for by (person making communication) and made independent of any candidate or political party” • For IEs made during the 90 days before a primary or election, the names of the five persons that made the five largest aggregate covered transfers to the

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		<ul style="list-style-type: none"> ● In the case of a 501(c) or a 527 tax-exempt organization, a written message stating "The top five contributors to the organization responsible for this advertisement are," followed by a list of the five people or entities making the largest reportable contributions during the previous 12 months 	<p>person making the communication during the 12 months immediately preceding the applicable primary or election</p> <ul style="list-style-type: none"> ● A statement that additional information about the person making the communication is available on SEEC's website
Radio or Internet audio advertising	Adds audio communication broadcast by satellite	<p>The communication must end with a personal audio statement by the CEO or equivalent:</p> <ul style="list-style-type: none"> ● Identifying the entity paying for the expenditure ● Indicating that the message was made independent of any candidate or political party, using the following form: "I am (name of entity's CEO or equivalent), (title) of (entity). This message was made 	<p>The communication must end with a personal audio statement by the person's agent:</p> <ul style="list-style-type: none"> ● Identifying the person paying for the expenditure ● Indicating that the message was made independent of any candidate or political party, using the following form: "I am (name of person's agent), (title) of (person). This message was made independent of any candidate or political party." ● For IEs made

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		<p>independent of any candidate or political party, and I approved its content“</p> <ul style="list-style-type: none"> ● In the case of a 501(c) or a 527 tax-exempt organization, an audio message stating (1) “The top five contributors to the organization responsible for this advertisement are,” followed by a list of the five people or entities making the largest reportable contributions during the previous 12 months or (2) an audio message providing a website that lists the same if the advertisement is 30 seconds or less 	<p>during the 90 days before a primary or election, the names of the five persons that made the five largest aggregate covered transfers to the person making the communication during the 12 months immediately preceding the applicable primary or election</p> <ul style="list-style-type: none"> ●A statement that additional information about the person making the communication is available on SEEC’s website
<p>“Robo Calls” (i.e., automated telephone calls)</p>	<p>Adds non-automated telephone calls</p>	<ul style="list-style-type: none"> ● The narrative of the telephone call must identify the entity and its CEO or equivalent ● In the case of a 501(c) or a 527 organization, the narrative must also include a 	<ul style="list-style-type: none"> ● The narrative of the telephone call must identify the person making the expenditure ● For IEs made during the 90 days before a primary or election, the names of the five persons that made the five

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		<p>message stating, "The top five contributors to the organization responsible for this telephone call are," followed by a list of the five people or entities making the largest reportable contributions during the previous 12 months</p>	<p>largest aggregate covered transfers to the person making the communication during the 12 months immediately preceding the applicable primary or election</p> <ul style="list-style-type: none"> ● The communication must state that additional information about the person making the communication is available on SEEC's website
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§ 9 — *Referenda*

Existing law requires a business entity, organization, association, committee, or group of two or more individuals that makes or incurs an expenditure for a printed communication supporting or opposing a referendum question to include a disclaimer with the words "paid for by" and the name of the person making the communication.

Under the act, a communication by a business entity, organization, or association that occurs during the 90 days before the referendum must also state (1) the names of the five persons that made the five largest covered transfers to it, in the aggregate, during the 12 months immediately preceding the referendum and (2) that additional information about the entity, organization, or association can be found on SEEC's website.

§§ 8 & 9 — *Disclosing Covered Transfers*

Under the act, if any person that is listed on a disclaimer as one of the "top five transferors" (i.e., the five persons that made the five largest aggregate covered transfers, to the person making the IE, during the 12 months immediately preceding the applicable primary or election) is also a recipient of a covered transfer, the person making the IE must, with the exceptions described below, disclose in its reports to SEEC (see § 8) the names of the top five transferors with respect to those recipients.

Exceptions. The act prohibits disclosing the name of any person that made a covered transfer to a 501(c)(4) organization if the organization is a top five

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transferor. Under federal law, these organizations are not required to publicly disclose their donors. The prohibition applies provided the 501(c)(4) has not had its tax exempt status revoked.

The act also prohibits disclosing the name of any person that made a covered transfer to a top five transferor listed on a disclaimer if the recipient accepts covered transfers from at least 100 different sources. The prohibition applies if no such source accounts for 10% or more of the covered transfers accepted by the recipient during the 12 months immediately preceding the applicable primary or election.

Additionally, the act specifies that no person making an IE is required to list in a disclaimer any other person that made covered transfers to it of less than \$5,000, in the aggregate, during the 12 months immediately preceding the applicable primary or election.

Finally, if the person makes the IE from a dedicated IE account, the disclaimer (and IE report) can include only persons who made covered transfers to it directly.

§ 9 — Internet Searches

The act does not require disclosure of the top five transferors on an Internet text advertisement (1) that appears based on the result of an Internet search and (2) has 200 or fewer characters in its text. But in that case, the communication must (1) include a link to a website disclosing the names of the top five transferors and (2) contain the other disclaimer statements required by law and under the act.

§ 9 — Slate Promotions

The act specifies that disclaimers by individual candidates are not required for any print, television, or social media promotion by a party committee for a slate of candidates. Rather, the party committee must use the applicable disclaimer as required by law and under the act.

§§ 7, 18, & 19 — INCREASED CONTRIBUTION LIMITS

Prior law prohibited an individual from contributing more than \$15,000 in the aggregate during a single primary and election to (1) candidate committees, (2) exploratory committees, and (3) slate PACs for justice of the peace (in a primary). The act increases this aggregate contribution limit to \$30,000. It also removes the \$15,000 aggregate limit on labor PAC contributions to party committees and PACs, other than exploratory or referendum committees.

The act otherwise increases the limits on contributions from individuals to most PACs and party committees during a calendar year, as Table 2 shows.

Table 2: Individual Contribution Limits

<i>Recipient</i>	<i>Prior Law</i>	<i>The Act</i>
State Central Committee	\$5,000	\$10,000
Town Committee, Legislative Leadership Committee, Legislative	1,000	2,000

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Caucus Committee		
Most other PACs (except a referendum PAC, labor PAC, exploratory committee, or slate committee for justice of the peace in a primary)	750	1,000

§§ 14 & 17 — CAMPAIGN FINANCE REPORTING

§§ 14 & 17 — Eliminated Reports

The act eliminates certain campaign finance reporting requirements for specified candidates and committees as shown in Table 3. The candidates and committees remain responsible for filing termination reports when the committees dissolve.

Table 3: Eliminated Campaign Finance Statements

Section	Candidate or Committee	Eliminated Reporting Requirement
§ 14	Special election candidate and exploratory committees	Quarterly campaign finance reports
§ 14	Candidates in a municipal election who do not qualify for ballot access	Campaign finance report on the 7th day preceding the election
§§ 14 & 17	Candidates in a state election who do not qualify for ballot access	(1) Campaign finance report on the 7th day preceding the election and (2) weekly supplemental campaign finance statements under the CEP
§ 14	Candidates who are unsuccessful in a primary and do not otherwise qualify for ballot access	Periodic campaign finance reports following the primary

§ 14 — State Central Committees

Prior law required state central committees to file campaign disclosure statements on the 12th day preceding any regular or special election. For special elections, the act limits the requirement to those for which the committee makes or receives a contribution or expenditure. It retains the requirement for all regular elections.

The act also extends this reporting requirement to primaries and referenda for which a state central committee makes or receives a contribution or expenditure. The statement must be complete as of the 19th day preceding the election, primary, or referendum.

§ 17 — Supplemental Campaign Finance Statement Schedule

By law, a candidate committee in a primary or general election with at least one candidate participating in the CEP must file supplemental weekly campaign finance statements according to a specified schedule. The act extends, by one

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week, the deadline for filing the initial supplemental statement.

Under the act, candidate committees must file the initial supplemental statement for a primary on the second, rather than the first, Thursday following the July filing deadline for quarterly campaign finance statements (usually July 10). Similarly, for a general election, they must file on the second, rather than the first, Thursday following the October filing deadline for quarterly campaign finance statements (usually October 10).

§§ 20, 29–30, 38, & 39 — CANDIDATES

§ 20 — *Party Endorsements*

Under the act, a party endorsement or certificate of endorsement for a candidate running for the municipal office of state senator or state representative (i.e., in a single-town legislative district) to be voted on at a state election is valid or may be filed only when the candidate's name appears on the party's last-completed enrollment list within the senatorial or assembly district, as applicable, in which he or she will run.

§ 29 & 30 — *Expense Reimbursements*

Existing law allows a candidate committee to pay its pro rata share of expenses for operating a campaign headquarters or preparing, printing, or disseminating political communications on behalf of that candidate or any other candidates. The act authorizes a candidate committee to reimburse another candidate committee for its pro rata share of these expenses when the other committee is under a contract with the vendor. The committee that pays or reimburses need not be under contract.

§§ 38 & 39 — *Cross-Endorsements*

The act prohibits a candidate from being cross-endorsed by a major or minor party unless a candidate for statewide office, belonging to the endorsing minor party, received at least 15,000 votes at the previous state election. For cross-endorsement purposes, statewide office candidates are those for governor, secretary of the state, treasurer, comptroller, and attorney general.

§ 31 — LEGISLATIVE LEADERSHIP COMMITTEES

The act authorizes the House and Senate majority and minority leaders-elect to each establish a legislative leadership committee, subject to certain restrictions. Specifically, the legislative leadership committee:

1. for the individual who is leaving the same leadership position, may not accept additional contributions and
2. for the leader-elect, may not accept certain contributions for the rest of the calendar year that the existing committee would not be able to accept because of the law's contribution limits.

The latter does not apply to contributions from business or labor PACs, PACs organized for ongoing purposes, or single-election PACs.

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§ 32 — CEP GRANTS

The CEP is a system of public campaign financing under which statewide and legislative candidates are eligible to receive state grants to fund their campaigns if they (1) receive qualifying contributions, (2) agree to abide by certain spending limits, and (3) comply with other requirements.

The act establishes CEP grants for qualified participating candidates who tie in a primary or election for legislative office and will be on the ballot in an adjourned primary or election. For both adjourned primaries and adjourned elections, the grant amounts are (1) \$15,000 for Senate candidates and (2) \$5,000 for House candidates.

Adjourned primary grants are available only to qualified major party candidates. Qualified major party, minor party, and petitioning candidates may receive adjourned election grants. The adjourned primary winner must have his or her general election grant reduced by the amount of any unused portion of the adjourned primary grant.

By January 15, 2016 and every two years thereafter, SEEC must adjust the limits in accordance with any change during the two preceding calendar years in the CPI-U.

§ 36 — CODE OF ETHICS

The act exempts, from the definition of gift under the State Code of Ethics, a public official's expenses, paid by the party committee of which he or she is a member, for accomplishing the committee's lawful purposes. A party committee's (i.e., state central or town committee) lawful purposes include promoting the party, its candidates, and its continuing operating costs. (The act adds party-building activities to these purposes.) By law, lobbyists and people seeking to do or doing business with the state generally cannot give gifts to public officials and state employees (see BACKGROUND).

§§ 37 & 41 — SEEC MEMBERS

The act makes changes affecting SEEC members' terms. Specifically, it (1) allows members to serve two consecutive terms and (2) eliminates the prohibition on service by individuals who, during the previous three years, were (a) public officials or (b) members of, or employees who received compensation from, a political party's national committee or a state central or town committee. It retains the prohibition for political party officers.

By law, the commission consists of five members; the governor, Senate president pro tempore, House speaker, Senate minority leader, and House minority leader each appoint one member. No more than two members may be from the same political party, and at least one must be unaffiliated with any political party. Both houses of the General Assembly must confirm the appointments.

§§ 24–27 — PRIOR CRIMES AND CAMPAIGN FINANCE VIOLATIONS

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Existing law requires that campaign treasurers, deputy treasurers, and candidates for public office be state electors. Thus, it prohibits an individual who has been convicted and imprisoned for a felony from serving as a treasurer or deputy, or being a candidate, until his or her electoral privileges are restored (see BACKGROUND).

§§ 24 & 25 — *Treasurers*

The act extends the prohibition on serving as a treasurer or deputy treasurer to individuals who have:

1. unpaid civil penalties or forfeitures assessed under state campaign finance laws or
2. been convicted of or pled guilty or nolo contendere to a (a) felony involving fraud, forgery, larceny, embezzlement, or bribery or (b) state election law criminal offense (felony or misdemeanor), unless eight years have elapsed since the conviction, plea, or sentence completion, whichever is latest, without a subsequent conviction or plea.

In addition, the act authorizes SEEC, after providing an opportunity for a hearing, to prohibit an individual from serving as a treasurer, deputy treasurer, or solicitor for any time period when it finds he or she has intentionally violated state campaign finance law. Under prior law, SEEC could prohibit such an individual from serving in these roles for up to four years.

§§ 26 & 27 — *CEP Candidates and Grant Certifications*

The act prohibits participating CEP candidates from applying for a public financing grant if they have been convicted of, or pled guilty or nolo contendere to:

1. a state election law criminal offense, unless eight years have elapsed since the conviction, plea, or sentence completion, whichever is latest, without a subsequent conviction or plea or
2. for office holders, a felony related to their public office, other than one described above.

By law, participating candidates and their treasurers jointly submit the CEP grant application. The application includes several written certifications that they must initial under penalty of false statement. SEEC may deem an application incomplete if any of the certifications are missing, thus delaying its review and any grant disbursement.

In addition to the certifications required by existing law, the act requires applications to include certifications that (1) the candidate and his or her treasurer are in compliance with all of the above-listed prohibitions and (2) the candidate's committee (current or former) has paid any civil penalties or forfeitures assessed under state campaign finance laws. For candidates, the certification concerning penalties and forfeitures applies only to those penalties and forfeitures assessed no later than (1) 24 months before a candidate for statewide office submits an application and (2) 12 months before a legislative candidate submits an application.

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§§ 10–11, 22, & 23 — PENALTIES

§ 10 — Knowing and Willful Campaign Finance Violations

The act changes the criminal penalties for a knowing and willful violation of Chapter 155 of the General Statutes (i.e., campaign finance). Specifically, it (1) eliminates imprisonment as a possible penalty and (2) increases, from \$5,000 to \$25,000, the maximum fine, unless the law otherwise provides for a larger fine. (Effective October 1, 2013, PA 13-258, § 40, supersedes this provision. It classifies a knowing and willful violation of Chapter 155 as a class D felony, thus retaining the prison penalty and \$5,000 maximum fine.)

§ 11 — Joint Liability

If SEEC finds that any expenditure is coordinated with a candidate, his or her treasurer, or his or her agent in a manner that campaign finance law prohibits, the act makes the candidate, treasurer, or agent, whichever applies, jointly and severally liable for paying any penalty SEEC levies. The liability applies if the candidate, treasurer, or agent participated in or knew of the coordination.

§ 22 — Penalties for January 2012 Filings

The act authorizes SEEC to waive any penalty it imposed because a campaign finance report, due in January 2012, was not received in a timely manner and the commission determines that the treasurer's actions were such that the filing reasonably should have been received on or before the applicable deadline.

§ 23 — Timely Submission to SEEC

The act prohibits SEEC from levying a penalty on a treasurer for failing to file a hard copy of a campaign finance statement in a timely manner if the treasurer has a (1) copy of the statement time stamped by SEEC showing timely receipt or (2) return receipt from the U.S. Postal Service or a similar receipt from a commercial delivery service confirming timely receipt.

BACKGROUND

Code of Ethics

With several exceptions, the law prohibits public officials, candidates for public office, and state employees from accepting gifts (generally anything of value over \$10) from lobbyists. It also prohibits (1) public officials and state employees from accepting gifts from (a) people doing, or seeking to do, business with their agency; (b) people engaged in activities regulated by their agency; or (c) prequalified state contractors and (2) these people from giving gifts to public officials and employees.

Electoral Status

An individual forfeits his or her right to be an elector upon conviction of a felony and commitment to any state or federal prison. The right may be restored

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after the individual has paid all fines and completed any required prison and parole time (CGS §§ 9-46 and -46a).

OLR Tracking: KS:TA:PF:ts