



House of Representatives

General Assembly

File No. 568

February Session, 2016

Substitute House Bill No. 5511

House of Representatives, April 11, 2016

The Committee on Government Administration and Elections reported through REP. JUTILA of the 37th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING DISCLOSURE OF COORDINATED AND INDEPENDENT SPENDING IN CAMPAIGN FINANCE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (3) of section 9-601 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (3) "Political committee" means (A) a committee organized by a
5 business entity or organization, (B) persons other than individuals, or
6 two or more individuals organized or acting jointly conducting their
7 activities in or outside the state, (C) an exploratory committee, (D) a
8 committee established by or on behalf of a slate of candidates in a
9 primary for the office of justice of the peace, but does not mean a
10 candidate committee or a party committee, (E) a legislative caucus
11 committee, [or] (F) a legislative leadership committee, or (G) an
12 independent expenditure political committee, as defined in section 2 of
13 this act.

14 Sec. 2. (NEW) (*Effective from passage*) As used in chapters 155 and 157
15 of the general statutes, "independent expenditure political committee"
16 means a political committee that may only make independent
17 expenditures, as defined in section 9-601c of the general statutes, as
18 amended by this act, and is prohibited from making any contribution,
19 as defined in section 9-601a of the general statutes, as amended by this
20 act, to, or for the benefit of, any candidate or committee unless such
21 contribution is made to any other independent expenditure political
22 committee.

23 Sec. 3. Subsection (a) of section 9-601a of the general statutes is
24 repealed and the following is substituted in lieu thereof (*Effective from*
25 *passage*):

26 (a) As used in this chapter and chapter 157, "contribution" means:

27 (1) Any gift, subscription, loan, advance, payment or deposit of
28 money or anything of value, made (A) to promote the success or defeat
29 of any [candidate] person seeking (i) the nomination for election, or (ii)
30 election, or (B) for the purpose of aiding or promoting (i) the success or
31 defeat of any referendum question, or (ii) the success or defeat of any
32 political party;

33 (2) A written contract, promise or agreement to make a contribution
34 for any such purpose;

35 (3) The payment by any person, other than a candidate or treasurer,
36 of compensation for the personal services of any other person which
37 are rendered without charge to a committee or candidate for any such
38 purpose;

39 (4) An expenditure that is not an independent expenditure; or

40 (5) Funds received by a committee which are transferred from
41 another committee or other source for any such purpose.

42 Sec. 4. Subsections (a) and (b) of section 9-601b of the general
43 statutes are repealed and the following is substituted in lieu thereof

44 (Effective from passage):

45 (a) As used in this chapter and chapter 157, [the term] "expenditure"
46 means:

47 (1) Any purchase, payment, distribution, loan, advance, deposit or
48 gift of money or anything of value, when made (A) to promote the
49 success or defeat of any [candidate] person seeking (i) the nomination
50 for election, or (ii) election, [of any person] or (B) for the purpose of
51 aiding or promoting (i) the success or defeat of any referendum
52 question, or (ii) the success or defeat of any political party;

53 (2) Any communication that (A) refers to one or more clearly
54 identified candidates, and (B) (i) is broadcast (I) by radio, by television,
55 other than on a public access channel, [or] by satellite communication
56 or via the Internet, or (II) as a paid-for telephone communication, [or]
57 (ii) appears in a newspaper [,] or magazine or on a billboard, or (iii) is
58 sent by mail; or

59 (3) The transfer of funds by a committee to another committee.

60 (b) [The term "expenditure"] "Expenditure" does not mean:

61 (1) A loan of money, made in the ordinary course of business, by a
62 state or national bank;

63 (2) A communication made by any corporation, organization or
64 association solely to its members, owners, stockholders, executive or
65 administrative personnel, or their families;

66 (3) Nonpartisan voter registration and get-out-the-vote campaigns
67 by any corporation, organization or association aimed at its members,
68 owners, stockholders, executive or administrative personnel, or their
69 families;

70 (4) Uncompensated services provided by individuals volunteering
71 their time on behalf of a party committee, political committee, slate
72 committee or candidate committee, including any services provided

73 for the benefit of nonparticipating and participating candidates under
74 the Citizens' Election Program and any unreimbursed travel expenses
75 made by an individual who volunteers the individual's personal
76 services to any such committee. For purposes of this subdivision, an
77 individual is a volunteer if such individual is not receiving
78 compensation for such services regardless of whether such individual
79 received compensation in the past or may receive compensation for
80 similar services that may be performed in the future;

81 (5) Any news story, commentary or editorial distributed through
82 the facilities of any broadcasting station, newspaper, magazine or
83 other periodical, unless such facilities are owned or controlled by any
84 political party, committee or candidate;

85 (6) The use of real or personal property, a portion or all of the cost of
86 invitations and the cost of food or beverages, voluntarily provided by
87 an individual to a candidate, including a nonparticipating or
88 participating candidate under the Citizens' Election Program, or to a
89 party, political or slate committee, in rendering voluntary personal
90 services at the individual's residential premises or a community room
91 in the individual's residence facility, to the extent that the cumulative
92 value of the invitations, food or beverages provided by an individual
93 on behalf of any candidate or committee does not exceed four hundred
94 dollars with respect to any single event or does not exceed eight
95 hundred dollars for any such event hosted by two or more individuals,
96 provided at least one such individual owns or resides at the residential
97 premises, and further provided the cumulative value of the invitations,
98 food or beverages provided by an individual on behalf of any such
99 candidate or committee does not exceed eight hundred dollars with
100 respect to a calendar year or single election, as the case may be;

101 (7) A communication described in subdivision (2) of subsection (a)
102 of this section that includes speech or expression [made] (A) made
103 prior to the ninety-day period preceding the date of a primary or an
104 election at which the clearly identified candidate or candidates are
105 seeking nomination to public office or position, [that is] including a

106 communication made for the purpose of influencing any legislative or
107 administrative action, as defined in section 1-91, or executive action,
108 [or] (B) made during a legislative session for the purpose of
109 influencing legislative action, or (C) that constitutes a candidate debate
110 or that solely promotes any such debate and is made by or on behalf of
111 the person sponsoring the debate;

112 (8) An organization expenditure by a party committee, legislative
113 caucus committee or legislative leadership committee;

114 (9) A commercial advertisement that refers to an owner, director or
115 officer of a business entity who is also a candidate, [and that] which
116 commercial advertisement had previously been broadcast or appeared
117 when the owner, director or officer was not a candidate;

118 (10) A communication containing an endorsement on behalf of a
119 candidate for nomination or election to the office of Governor,
120 Lieutenant Governor, Secretary of the State, State Treasurer, State
121 Comptroller, Attorney General, state senator or state representative,
122 from a candidate for the office of Governor, Lieutenant Governor,
123 Secretary of the State, State Treasurer, State Comptroller, Attorney
124 General, state senator or state representative, shall not be an
125 expenditure attributable to the endorsing candidate, if the candidate
126 making the endorsement is unopposed at the time of the
127 communication;

128 (11) A communication that is sent by mail to addresses in the district
129 for which a candidate being endorsed by another candidate pursuant
130 to the provisions of this subdivision is seeking nomination or election
131 to the office of state senator or state representative, containing an
132 endorsement on behalf of such candidate for such nomination or
133 election, from a candidate for the office of state senator or state
134 representative, shall not be an expenditure attributable to the
135 endorsing candidate, if the candidate making the endorsement is not
136 seeking election to the office of state senator or state representative for
137 a district that contains any geographical area shared by the district for
138 the office to which the endorsed candidate is seeking nomination or

139 election;

140 (12) Campaign training events provided to multiple individuals by
141 a legislative caucus committee and any associated materials, provided
142 the cumulative value of such events and materials does not exceed six
143 thousand dollars, in the aggregate, for a calendar year;

144 (13) A lawful communication by any charitable organization which
145 is a tax-exempt organization under Section 501(c)(3) of the Internal
146 Revenue Code of 1986, or any subsequent corresponding internal
147 revenue code of the United States, as from time to time amended;

148 (14) The use of offices, telephones, computers and similar
149 equipment provided by a party committee, legislative caucus
150 committee or legislative leadership committee that serve as
151 headquarters for or are used by such party committee, legislative
152 caucus committee or legislative leadership committee; or

153 (15) An expense or expenses incurred by a human being acting
154 alone in an amount that is two hundred dollars or less, in the
155 aggregate, that benefits a candidate for a single election.

156 Sec. 5. Section 9-601c of the general statutes is repealed and the
157 following is substituted in lieu thereof (*Effective from passage*):

158 (a) As used in this chapter and chapter 157, [the term] "independent
159 expenditure" means an expenditure, as defined in section 9-601b, as
160 amended by this act, that is made entirely without the consent,
161 coordination [, or consultation of,] or consultation of a candidate, [or]
162 agent of [the] a candidate, candidate committee, political committee or
163 party committee.

164 (b) As used in this section, (1) "candidate" includes any person who,
165 during an election cycle, becomes a candidate later in the election cycle
166 and benefits from any expenditure made by a coordinated spender or
167 any other expenditure that is not an independent expenditure, and (2)
168 "election cycle" means, with respect to an office to which a person
169 seeks nomination or election, the period beginning the day after the

170 previous regular election for such office and ending the day of the
171 regular election for the same office that next follows such previous
172 regular election.

173 (c) As used in this section, "coordinated spender" means, with
174 respect to a candidate or committee:

175 (1) Any person directly or indirectly formed, controlled or
176 established in the current or immediately preceding election cycle by,
177 at the request or suggestion of or with the encouragement of the
178 candidate or committee, any agent of the candidate or committee, any
179 other person deemed to be a coordinated spender with respect to such
180 candidate or committee or any agent of such coordinated spender,
181 including with the express or tacit approval of the candidate or
182 committee or any agent of the candidate or committee;

183 (2) Except as otherwise provided in this subdivision, any person on
184 whose behalf during an election cycle the candidate, committee or any
185 agent of the candidate or committee solicits funds or engages in fund-
186 raising activity, including by providing to such person the name of any
187 potential donor or other list to be used by such person in engaging in
188 fund-raising activity, regardless of whether such person pays fair
189 market value for any such name or list so provided. Such person shall
190 not be considered a coordinator spender under this subdivision if any
191 funds raised by the candidate, committee or any agent of the candidate
192 or committee are (A) segregated from all other accounts controlled by
193 such person, and (B) not used to make (i) independent expenditures
194 that benefit the candidate or committee, or (ii) contributions or covered
195 transfers to any other person who later in the current election cycle
196 makes independent expenditures, contributions or covered transfers
197 that benefit the candidate or committee;

198 (3) Any person established, directed or managed by any other
199 person who, during the current or immediately preceding election
200 cycle (A) was employed or retained as a political, media or fund-
201 raising advisor or consultant for the candidate, committee or any entity
202 directly or indirectly controlled by the candidate or committee, or (B)

203 held a formal position with a title for the candidate or committee;

204 (4) Any person established, directed or managed by any member of
205 the family of the candidate. As used in this subdivision, "member of
206 the family" means (A) the spouse or civil union partner of the
207 candidate, (B) any sibling, parent, child, grandparent, grandchild, aunt
208 or uncle of the candidate, (C) any sibling, parent, child, grandparent,
209 grandchild, aunt or uncle of the spouse or civil union partner of the
210 candidate, or (D) the spouse or civil union partner or any child of any
211 such individual described in subparagraph (B) or (C) of this
212 subdivision; or

213 (5) Any person or any officer or agent of such person who has had
214 more than incidental discussion regarding campaign advertising,
215 message, strategy, policy, polling, fund-raising or allocation of
216 resources of the candidate, committee or any other person deemed to
217 be a coordinated spender with respect to such candidate or committee.

218 (d) (1) If any person who makes an expenditure is a coordinated
219 spender with respect to a candidate or committee, as described in
220 subsection (c) of this section, such person shall be deemed to have
221 made such expenditure with the consent, coordination or consultation
222 of, or at the request or suggestion of, the candidate or committee.

223 (2) If any person or any agent of such person merely engages a
224 candidate, committee or any agent of a candidate or committee in
225 discussion regarding such person's position on a legislative or policy
226 matter, including a discussion in which the person or agent urges the
227 candidate or committee to adopt such person's position, any
228 expenditure of such person shall not be considered to be made with
229 the consent, coordination or consultation of, or at the request or
230 suggestion of, the candidate or committee, provided such person does
231 not engage the candidate, committee or agent of the candidate or
232 committee in any discussion regarding any campaign advertising,
233 message, strategy, policy, polling, fund-raising, allocation of resources
234 or campaign operations of the candidate or committee.

235 [(b)] (e) When the State Elections Enforcement Commission
236 evaluates an expenditure, other than an expenditure described in
237 subdivision (1) of subsection (d) of this section, to determine whether
238 such expenditure is an independent expenditure, there shall be a
239 rebuttable presumption that the following expenditures are not
240 independent expenditures:

241 (1) An expenditure made by a person in cooperation, consultation or
242 in concert with, at the request, suggestion or direction of, or pursuant
243 to a general or particular understanding with (A) a candidate,
244 candidate committee, political committee or party committee, or (B) a
245 consultant or other agent acting on behalf of a candidate, candidate
246 committee, political committee or party committee;

247 (2) An expenditure made by a person for the production,
248 dissemination, distribution or publication, in whole or in substantial
249 part, of any broadcast or any written, graphic or other form of political
250 advertising or campaign communication prepared by (A) a candidate,
251 candidate committee, political committee or party committee, or (B) a
252 consultant or other agent acting on behalf of a candidate, candidate
253 committee, political committee or party committee;

254 (3) An expenditure made by a person based on information about a
255 candidate's, political committee's, or party committee's plans, projects
256 or needs, provided by (A) a candidate, candidate committee, political
257 committee or party committee, or (B) a consultant or other agent acting
258 on behalf of a candidate, candidate committee, political committee or
259 party committee, with the intent that such expenditure be made;

260 (4) An expenditure made by an individual who, in the same election
261 cycle, is serving or has served as the campaign chairperson, treasurer
262 or deputy treasurer of a candidate committee, political committee or
263 party committee benefiting from such expenditure, or in any other
264 executive or policymaking position, including as a member, employee,
265 [fundraiser] fund-raiser, consultant or other agent, of a candidate,
266 candidate committee, political committee or party committee;

267 (5) An expenditure made by a person or an entity on or after
268 January first in the year of an election in which a candidate is seeking
269 public office that benefits such candidate when such person or entity
270 has hired an individual as an employee or consultant and such
271 individual was an employee of or consultant to such candidate,
272 candidate's candidate committee or such candidate's opponent's
273 candidate committee during [any part of the eighteen-month period
274 preceding such expenditure] the current or immediately preceding
275 election cycle;

276 (6) An expenditure made by a person for [fundraising] fund-raising
277 activities (A) with or for a candidate, candidate committee, political
278 committee or party committee, or a consultant or other agent acting on
279 behalf of a candidate, candidate committee, political committee or
280 party committee, or (B) for the solicitation or receipt of contributions
281 on behalf of a candidate, candidate committee, political committee or
282 party committee, or a consultant or other agent acting on behalf of a
283 candidate, candidate committee, political committee or party
284 committee;

285 (7) An expenditure made by a person based on information about a
286 candidate's campaign plans, projects or needs [,] that is directly or
287 indirectly provided by a candidate, the candidate's candidate
288 committee, a political committee or a party committee, or a consultant
289 or other agent acting on behalf of such candidate, candidate
290 committee, political committee or party committee, to the person
291 making the expenditure or such person's agent, with an express or tacit
292 understanding that such person is considering making the
293 expenditure;

294 (8) An expenditure made by a person for a communication that
295 clearly identifies a candidate during an election campaign [,] if the
296 person making the expenditure, or such person's agent, has informed
297 the candidate who benefits from the expenditure, that candidate's
298 candidate committee, a political committee or a party committee, or a
299 consultant or other agent acting on behalf of the benefiting candidate

300 or candidate committee, political committee [,] or party committee,
301 concerning the communication's contents [,] or of the intended
302 audience, timing, location or mode or frequency of dissemination. As
303 used in this subdivision, a communication clearly identifies a
304 candidate when that communication contains the name, nickname,
305 initials, photograph or drawing of the candidate or an unambiguous
306 reference to that candidate, [which includes, but is] including, but not
307 limited to, a reference that can only mean that candidate; [and]

308 (9) An expenditure made by a person or an entity for consultant or
309 creative services, including, but not limited to, services related to
310 communications strategy or design or campaign strategy or to engage
311 a campaign-related vendor, to be used to promote or oppose a
312 candidate's election to office if the provider of such services is
313 providing or has provided consultant or creative services to such
314 candidate, such candidate's candidate committee or an agent of such
315 candidate committee, or to any opposing candidate's candidate
316 committee or an agent of such opposing candidate's candidate
317 committee after January first of the year in which the expenditure
318 occurs. For purposes of this subdivision, communications strategy or
319 design does not include the costs of printing or costs for the use of a
320 medium for the purpose of communications. For purposes of this
321 subdivision, campaign-related vendor includes, but is not limited to, a
322 vendor that provides any of the following services: Polling, mail
323 design, mail strategy, political strategy, general campaign advice or
324 telephone banking; and

325 (10) An expenditure made by any person directly or indirectly
326 formed, controlled or established in the current or immediately
327 preceding election cycle by, at the request or suggestion of or with the
328 encouragement of any other person deemed to be a coordinated
329 spender or any agent of such coordinated spender, including with the
330 express or tacit approval of any such coordinated spender or agent.

331 [(c) When the State Elections Enforcement Commission evaluates an
332 expenditure to determine whether an expenditure by entity is an

333 independent expenditure, the following shall not be presumed to
334 constitute evidence of consent, coordination or consultation within the
335 meaning of subsection (a) of this section: (1) Participation by a
336 candidate or an agent of the candidate in an event sponsored by the
337 entity, unless such event promotes the success of the candidate's
338 candidacy or the defeat of the candidate's opponent, or unless the
339 event is during the period that is forty-five days prior to the primary
340 for which the candidate is seeking nomination for election or election
341 to office; (2) membership of the candidate or agent of the candidate in
342 the entity, unless the candidate or agent of the candidate holds an
343 executive or policymaking position within the entity after the
344 candidate becomes a candidate; or (3) financial support for, or
345 solicitation or fundraising on behalf of the entity by a candidate or an
346 agent of the candidate, unless the entity has made or obligated to make
347 independent expenditures in support of such candidate in the election
348 or primary for which the candidate is a candidate.]

349 [(d)] (f) When the State Elections Enforcement Commission
350 evaluates an expenditure to determine whether such expenditure is an
351 independent expenditure, the commission shall consider, as an
352 effective rebuttal to the presumptions provided in subsection [(b)] (e)
353 of this section, the establishment by the person making the
354 expenditure of a firewall policy designed and implemented to prohibit
355 the flow of information between (1) employees, consultants or other
356 individuals providing services to the person paying for the
357 expenditure, and (2) the candidate or agents of the candidate.

358 Sec. 6. Section 9-601d of the general statutes is repealed and the
359 following is substituted in lieu thereof (*Effective from passage*):

360 (a) Any person, as defined in section 9-601, as amended by this act,
361 may, unless otherwise restricted or prohibited by law, including, but
362 not limited to, any provision of this chapter or chapter 157, make
363 unlimited independent expenditures, as defined in section 9-601c, as
364 amended by this act, and accept unlimited covered transfers, as
365 defined in [said] section 9-601, as amended by this act. Except as

366 provided [pursuant to] in this section, any such person who makes or
367 obligates to make an independent expenditure or expenditures in
368 excess of one thousand dollars, in the aggregate, shall file statements
369 according to the same schedule and in the same manner as is required
370 of a treasurer of a [candidate] political committee pursuant to section
371 9-608, as amended by this act. Such person shall file such statements on
372 forms described in subsections (c) and (d) of this section.

373 (b) Any person who makes or obligates to make an independent
374 expenditure or expenditures in an election or primary for the office of
375 Governor, Lieutenant Governor, Secretary of the State, State Treasurer,
376 State Comptroller, Attorney General, state senator or state
377 representative [,] which exceed one thousand dollars, in the aggregate,
378 during [a primary campaign or a general election campaign, as defined
379 in section 9-700,] the period beginning July first in the year of a regular
380 election and ending the day following the primary or election for
381 which such independent expenditure or expenditures is made or
382 incurred shall file, electronically, a long-form and a short-form report
383 of such independent expenditure or expenditures with the State
384 Elections Enforcement Commission pursuant to subsections (c) and (d)
385 of this section. The person [that] who makes or obligates to make such
386 independent expenditure or expenditures shall file such reports not
387 later than twenty-four hours after (1) making any such payment, or (2)
388 obligating to make any such payment, with respect to the primary or
389 election. If any such person makes or incurs a subsequent independent
390 expenditure, such person shall report such expenditure pursuant to
391 subsection (d) of this section. Such reports shall be filed under penalty
392 of false statement.

393 (c) The independent expenditure long-form report shall identify: (1)
394 The name of the person making or obligating to make such
395 expenditure or expenditures; (2) if applicable, the tax exempt status of
396 such person, [if applicable] except that if such person files a report
397 with the Federal Election Commission, the Internal Revenue Service or
398 any similar out-of-state agency, such person shall include a statement
399 to that effect and the identification number or other identifying

400 information under which any such filings are made; (3) the street
401 address and mailing address, if different, of such person; (4) the
402 principal business address of the person, if different from either the
403 mailing address or street address; (5) the mailing address, or street
404 address if different, telephone number and electronic mail address of
405 the agent for service of process in this state of such person; (6) the date
406 of the primary, [or] election or referendum for which [the] such
407 independent expenditure or expenditures were made or obligated to
408 be made; (7) (A) the name of any candidate who, or the text of any
409 referendum question that, was the subject of [any] such independent
410 expenditure or expenditures, [and whether the] (B) whether such
411 independent expenditure or expenditures were in support of or in
412 opposition to such candidate or referendum question, and (C) any
413 other information required under subsection (d) of this section for such
414 independent expenditure or expenditures; and (8) the name, telephone
415 number and electronic mail address for the individual filing such
416 report. [Such] Each individual filing such report shall affirm [that the
417 expenditure reported is an independent expenditure under penalty of
418 false statement] under penalty of false statement that any expenditure
419 so reported is an independent expenditure.

420 (d) As part of any filing made pursuant to subsection (c) of this
421 section and for each subsequent independent expenditure made or
422 obligated to be made by a person with respect to the primary, [or]
423 election or referendum for which a long-form report pursuant to
424 subsection (c) of this section has been filed on behalf of such person, an
425 individual shall file [, electronically, a short-form report for each such
426 independent expenditure, not later than twenty-four hours after such
427 person makes a payment for an independent expenditure or obligates
428 to make such an independent expenditure] a short-form report for
429 each such independent expenditure. Such short-form report shall
430 identify: (1) The name of the person making or obligating to make such
431 independent expenditure; (2) the amount of the independent
432 expenditure; (3) whether the independent expenditure was in support
433 of or in opposition to a candidate or referendum question and the
434 name of such candidate or text of such referendum question; (4) a brief

435 description of the expenditure made, including the type of
436 communication, based on categories determined by the State Elections
437 Enforcement Commission, and the allocation of such expenditure in
438 support of or in opposition to each such candidate or referendum
439 question, if such expenditure was made in support of or in opposition
440 to more than one candidate [; and] or question; (5) the name, telephone
441 number and electronic mail address for the individual filing such
442 report; [. Such] and (6) any other information that the State Elections
443 Enforcement Commission may require to facilitate compliance with
444 the provisions of chapters 155 to 157, inclusive. Each individual filing
445 such report shall affirm [that the expenditure reported is an
446 independent expenditure] under penalty of false statement that any
447 expenditure so reported is an independent expenditure.

448 (e) No person reporting an independent expenditure pursuant to
449 the provisions of subsection (c) or (d) of this section shall be required
450 to file a statement pursuant to section 9-608, as amended by this act,
451 for such independent expenditure.

452 (f) (1) Except as provided in subdivision (2) of this subsection, as
453 part of any statement filed pursuant to this section, if a person who
454 makes or obligates to make an independent expenditure (A) has
455 received a covered transfer during the twelve-month period prior to a
456 primary, [or] election or referendum, as applicable to the reported
457 expenditure, [for an office that a candidate described in subdivision (7)
458 of subsection (c) of this section is seeking,] and (B) such independent
459 expenditure is made or obligated to be made on or after the date that is
460 one hundred eighty days prior to such primary, [or] election or
461 referendum, such person shall disclose the source and the amount of
462 any such covered transfer such person received that is in an amount
463 that is five thousand dollars or more, in the aggregate, during the
464 twelve-month period prior to such primary or election, as applicable to
465 the reported expenditure.

466 (2) The provisions of subdivision (1) of this subsection shall not
467 apply to any person who discloses the source and amount of a covered

468 transfer described in subdivision (1) of this subsection as part of any
469 report to the Federal Election Commission, [or] the Internal Revenue
470 Service or any similar out-of-state agency, provided such person
471 includes a copy of, or information sufficient to find, any such report as
472 part of the [report] statement of each applicable independent
473 expenditure filed pursuant to this section. If a source and amount of a
474 covered transfer is not included as part of any such [report] statement,
475 the maker of the expenditure shall disclose the source and amount of
476 such covered transfer pursuant to subdivision (1) of this subsection, if
477 applicable.

478 (g) (1) A person may, unless otherwise restricted or prohibited by
479 law, including, but not limited to, any provision of this chapter or
480 chapter 157, establish a dedicated independent expenditure account [,
481 for the purpose of engaging in] that may be used to make independent
482 expenditures, [that] provided such account is segregated from all other
483 accounts controlled by such person. Such dedicated independent
484 expenditure account may receive covered transfers directly from
485 persons other than the person establishing the dedicated account and
486 may not receive transfers from another account controlled by the
487 person establishing the dedicated account, except as provided in
488 subdivision (2) of this subsection. If an independent expenditure is
489 made from such segregated account, any report required pursuant to
490 this section or disclaimer required pursuant to section 9-621, as
491 amended by this act, [may include only] shall include at least those
492 persons who made covered transfers directly to the dedicated
493 independent expenditure account.

494 (2) If a person who has made a covered transfer to another account
495 controlled by the person establishing a dedicated independent
496 expenditure account requests that such covered transfer be used for
497 the purposes of making an independent expenditure from the
498 dedicated independent expenditure account, the amount of such
499 covered transfer may be transferred to the dedicated independent
500 expenditure account and shall be treated as a covered transfer directly
501 to the dedicated independent expenditure account.

502 (h) Any person may file a complaint with the commission upon the
503 belief that (1) any such independent expenditure report or statement is
504 false, or (2) any person who is required to file an independent
505 expenditure report under this subsection has failed to do so. The
506 commission shall make a prompt determination on such a complaint.

507 (i) (1) If a person fails to file a report in accordance with the
508 provisions of this section for an independent expenditure or
509 expenditures made or obligated to be made more than ninety days
510 before the day of a primary, ~~[or] election or referendum~~, the person
511 shall be subject to a civil penalty, imposed by the State Elections
512 Enforcement Commission, of not more than ten thousand dollars. If a
513 person fails to file a report required in accordance with the provisions
514 of this section for an independent expenditure or expenditures made
515 or obligated to be made ninety days or less before the day of a
516 primary, ~~[or] election or referendum~~, such person shall be subject to a
517 civil penalty, imposed by the State Elections Enforcement Commission,
518 of not more than twenty thousand dollars ~~or twice the amount of any~~
519 ~~such independent expenditure not so reported, whichever is greater.~~

520 (2) ~~[If] Notwithstanding subsection (a) of section 9-623, if the State~~
521 ~~Elections Enforcement Commission finds that~~ any such failure is
522 knowing and wilful, the person responsible for the failure shall ~~[also~~
523 ~~be fined] be subject to an additional civil penalty, imposed by the State~~
524 ~~Elections Enforcement Commission, of~~ not more than fifty thousand
525 dollars ~~or ten times the amount of any such independent expenditure~~
526 ~~not so reported, whichever is greater,~~ and the commission may refer
527 the matter to the office of the Chief State's Attorney.

528 Sec. 7. Subsections (a) and (b) of section 9-603 of the general statutes
529 are repealed and the following is substituted in lieu thereof (*Effective*
530 *from passage*):

531 (a) Statements filed by ~~(1)~~ party committees, ~~(2)~~ political committees
532 formed to aid or promote the success or defeat of a referendum
533 question proposing a ~~(A)~~ constitutional convention, ~~(B)~~ constitutional
534 amendment, or ~~(C)~~ revision of the Constitution, ~~(3)~~ individual

535 lobbyists, [and] (4) those political committees and candidate
536 committees formed to aid or promote the success or defeat of any
537 candidate for the office of Governor, Lieutenant Governor, Secretary of
538 the State, State Treasurer, State Comptroller, Attorney General, judge
539 of probate, [and members of the General Assembly,] state senator or
540 state representative, and (5) those persons making an independent
541 expenditure or expenditures in excess of one thousand dollars, in the
542 aggregate, for any such referendum question or candidate pursuant to
543 section 9-601d, as amended by this act, shall be filed with the State
544 Elections Enforcement Commission. A political committee formed for
545 a slate of candidates in a primary for the office of justice of the peace
546 shall file statements with the town clerk of the municipality in which
547 the primary is to be held.

548 (b) Statements filed by (1) political committees formed solely to aid
549 or promote the success or defeat of a referendum question to be voted
550 upon by the electors of a single municipality, [and] (2) those political
551 committees or candidate committees formed to aid or promote the
552 success or defeat of any candidate for (A) public office, other than
553 those enumerated in subsection (a) of this section, or (B) the position of
554 town committee member, and (3) those persons making an
555 independent expenditure or expenditures in excess of one thousand
556 dollars, in the aggregate, for any such question or candidate pursuant
557 to section 9-601d, as amended by this act, shall be filed only with the
558 town clerk of the municipality in which the election or referendum is
559 to be held. Each unsalaried town clerk shall be entitled to receive ten
560 cents from the town for the filing of each such statement.

561 Sec. 8. Subsections (a) to (d), inclusive, of section 9-605 of the general
562 statutes are repealed and the following is substituted in lieu thereof
563 (*Effective from passage*):

564 (a) [The] Except as provided in subsection (d) of this section for an
565 independent expenditure political committee, the chairperson of each
566 political committee shall designate a treasurer and may designate a
567 deputy treasurer. The treasurer and any deputy treasurer so

568 designated shall sign a statement accepting the designation. The
569 chairperson of each political committee shall file a registration
570 statement described in subsection (b) of this section along with the
571 statement signed by the designated treasurer and deputy treasurer
572 with the proper authority, within ten days after its organization,
573 provided that the chairperson of any political committee organized
574 within ten days prior to any primary, election or referendum in
575 connection with which it intends to make any contributions or
576 expenditures, shall immediately file a registration statement.

577 (b) The registration statement shall include: (1) The name and
578 address of the committee; (2) a statement of the purpose of the
579 committee; (3) the name and address of its treasurer, and deputy
580 treasurer if applicable; (4) the name, address and position of its
581 chairman, and other principal officers if applicable; (5) the name and
582 address of the depository institution for its funds; (6) the name of each
583 person, other than an individual, that is a member of the committee;
584 (7) the name and party affiliation of each candidate whom the
585 committee is supporting and the office or position sought by each
586 candidate; (8) if the committee is supporting the entire ticket of any
587 party, a statement to that effect and the name of the party; (9) if the
588 committee is supporting or opposing any referendum question, a brief
589 statement identifying the substance of the question; (10) if the
590 committee is established by a business entity, [or] an organization or
591 an individual acting as the agent of another person, the name of the
592 business entity, [or] organization or other person; (11) if the committee
593 is established by an organization, a statement of whether it will receive
594 its funds from the organization's treasury or from voluntary
595 contributions; (12) if the committee, or a person establishing the
596 committee through an individual acting as such person's agent, files
597 reports with the Federal Elections Commission or any similar out-of-
598 state agency, a statement to that effect including the name of the
599 commission or such agency; (13) a statement indicating whether the
600 committee is established for a single primary, election or referendum
601 or for ongoing political activities; (14) if the committee is established or
602 controlled by a lobbyist, a statement to that effect and the name of the

603 lobbyist; (15) the name and address of the person making the initial
604 contribution or disbursement, if any, to the committee; and (16) any
605 information that the State Elections Enforcement Commission
606 [requires] may require to facilitate compliance with the provisions of
607 this chapter or chapter 157. If no such initial contribution or
608 disbursement, as described in subdivision (15) of this subsection, has
609 been made at the time of the filing of such statement, the treasurer of
610 the committee shall, not later than forty-eight hours after receipt of
611 such contribution or disbursement, file a report with the State Elections
612 Enforcement Commission. The report shall be in the same form as
613 statements filed under section 9-608, as amended by this act.

614 (c) The treasurer of each political committee shall report any
615 addition to or change in information previously submitted in a
616 statement of organization to the proper authority not later than ten
617 days after the addition or change, [provided] except that if an officer of
618 the committee has changed, such amended statement shall be filed by
619 the chairperson of the committee.

620 (d) A group of two or more individuals who have joined solely to
621 promote the success or defeat of a referendum question or form an
622 independent expenditure political committee shall not be required to
623 file as a political committee, make such designations in accordance
624 with subsections (a) and (b) of this section or file statements pursuant
625 to section 9-608, as amended by this act, if the group does not receive
626 [or expend] contributions, or make or incur expenditures, in excess of
627 one thousand dollars, in the aggregate, for the entire campaign. If the
628 group receives [funds] contributions, or makes or incurs expenditures,
629 exceeding one thousand dollars, in the aggregate, the group shall
630 complete the statement of organization and file as a political
631 committee not later than (1) three business days [thereafter] after
632 receiving such contributions, or making or incurring such
633 expenditures, for a group joined solely to promote the success or
634 defeat of a referendum question, and (2) ten business days after
635 receiving such contributions, or making or incurring such
636 expenditures, for a group joined solely to form an independent

637 expenditure political committee. The group shall provide the
638 designated treasurer with all information required for completion of
639 the statements for filing as required by section 9-608, as amended by
640 this act.

641 Sec. 9. Subdivisions (1) and (2) of subsection (g) of section 9-607 of
642 the general statutes are repealed and the following is substituted in
643 lieu thereof (*Effective from passage*):

644 (g) (1) As used in this subsection, (A) "the lawful purposes of the
645 committee" means: (i) For a candidate committee or exploratory
646 committee, the promoting of the nomination or election of the
647 candidate who established the committee, except that after a political
648 party nominates candidates for election to the offices of Governor and
649 Lieutenant Governor, whose names shall be so placed on the ballot in
650 the election that an elector will cast a single vote for both candidates,
651 as prescribed in section 9-181, a candidate committee established by
652 either such candidate may also promote the election of the other such
653 candidate; (ii) for a political committee, other than an independent
654 expenditure political committee described in subparagraph (A)(iv) of
655 this subdivision, the promoting of (I) a political party, including party
656 building activities, (II) the success or defeat of candidates for
657 nomination [and] or election to public office or position subject to the
658 requirements of this chapter, or (III) the success or defeat of
659 referendum questions, provided a political committee formed for a
660 single referendum question shall not promote the success or defeat of
661 any candidate, and provided further a legislative leadership committee
662 or a legislative caucus committee may expend funds to defray costs for
663 conducting legislative or constituency-related business which are not
664 reimbursed or paid by the state; [and] (iii) for a party committee, the
665 promoting of the party, party building activities, the candidates of the
666 party and continuing operating costs of the party; and (iv) for an
667 independent expenditure political committee, the promoting of (I) a
668 political party, (II) the success or defeat of candidates for nomination
669 or election to public office or position subject to the requirements of
670 this chapter, or (III) the success or defeat of referendum questions,

671 provided an independent expenditure political committee shall act
672 entirely independently of a candidate or any agent of the candidate,
673 the candidate's candidate committee and any political committee or
674 party committee, and (B) "immediate family" means a spouse or
675 dependent child of a candidate who resides in the candidate's
676 household.

677 (2) Unless otherwise provided by this chapter, any treasurer, in
678 accomplishing the lawful purposes of the committee, may pay the
679 expenses of: (A) Advertising in electronic and print media; (B) any
680 other form of printed advertising or communications including "thank
681 you" advertising after the election; (C) campaign items, including, but
682 not limited to, brochures, leaflets, flyers, invitations, stationery,
683 envelopes, reply cards, return envelopes, campaign business cards,
684 direct mailings, postcards, palm cards, "thank you" notes, sample
685 ballots and other similar items; (D) political banners and billboards; (E)
686 political paraphernalia, which is customarily given or sold to
687 supporters including, but not limited to, campaign buttons, stickers,
688 pins, pencils, pens, matchbooks, balloons, pads, calendars, magnets,
689 key chains, hats, tee shirts, sweatshirts, frisbees, pot holders, jar
690 openers and other similar items; (F) purchasing office supplies for
691 campaign or political purposes, campaign photographs, raffle or other
692 fund-raising permits required by law, fund-raiser prizes, postage,
693 express mail delivery services, bulk mail permits, and computer
694 supplies and services; (G) banking service charges to maintain
695 campaign and political accounts; (H) subscriptions to newspapers and
696 periodicals which enhance the candidacy of the candidate or party; (I)
697 lease or rental of office space for campaign or political purposes and
698 expenses in connection therewith including, but not limited to,
699 furniture, parking, storage space, utilities and maintenance, provided a
700 party committee or political committee organized for ongoing political
701 activities may purchase such office space; (J) lease or rental of vehicles
702 for campaign use only; (K) lease, rental or use charges of any ordinary
703 and necessary campaign office equipment including, but not limited
704 to, copy machines, telephones, postage meters, facsimile machines,
705 computer hardware, software and printers, provided a party

706 committee or political committee organized for ongoing political
707 activities may purchase office equipment, and provided further that a
708 candidate committee or a political committee, other than a political
709 committee formed for ongoing political activities or an exploratory
710 committee, may purchase computer equipment; (L) compensation for
711 campaign or committee staff, fringe benefits and payroll taxes,
712 provided the candidate and any member of his immediate family shall
713 not receive compensation; (M) travel, meals and lodging expenses of
714 speakers, campaign or committee workers, the candidate and the
715 candidate's spouse for political and campaign purposes; (N) fund
716 raising; (O) reimbursements to candidates and campaign or committee
717 workers made in accordance with the provisions of this section for
718 campaign-related expenses for which a receipt is received by the
719 treasurer; (P) campaign or committee services of attorneys,
720 accountants, consultants or other professional persons for campaign
721 activities, obtaining or contesting ballot status, nomination, or election,
722 and compliance with this chapter; (Q) purchasing campaign finance
723 reports; (R) repaying permissible campaign loans made to the
724 committee that are properly reported and refunding contributions (i)
725 received from an impermissible source or in excess of the limitations
726 set forth in this chapter, and (ii) to any source in the case of an
727 independent expenditure political committee organized for ongoing
728 political activities; (S) conducting polls concerning any political party,
729 issue, candidate or individual; (T) gifts to campaign or committee
730 workers or purchasing flowers or other commemorative items for
731 political purposes not to exceed one hundred dollars to any one
732 recipient in a calendar year or for the campaign, as the case may be;
733 (U) purchasing tickets or advertising from charities, inaugural
734 committees, or other civic organizations if for a political purpose, for
735 any candidate, a candidate's spouse, a member of a candidate's
736 campaign staff, or members of committees; (V) the inauguration of an
737 elected candidate by that candidate's candidate committee; (W) hiring
738 of halls, rooms, music and other entertainment for political meetings
739 and events; (X) reasonable compensation for public speakers hired by
740 the committee; (Y) transporting electors to the polls and other get-out-

741 the-vote activities on election day; and (Z) any other necessary
742 campaign or political expense.

743 Sec. 10. Subdivision (1) of subsection (c) of section 9-608 of the
744 general statutes is repealed and the following is substituted in lieu
745 thereof (*Effective from passage*):

746 (c) (1) Each statement filed under subsection (a), (e) or (f) of this
747 section shall include, but not be limited to: (A) An itemized accounting
748 of each contribution, if any, including the full name and complete
749 address of each contributor and the amount of the contribution. For an
750 independent expenditure political committee, if any contributor to
751 such independent expenditure political committee is a recipient of a
752 covered transfer or transfers amounting to twenty-five thousand
753 dollars or more, in the aggregate, such statement so filed shall include,
754 but not be limited to, the name of any person or persons who made the
755 covered transfer or transfer to such recipient during the twelve-month
756 period immediately preceding the primary, election or referendum, as
757 applicable; (B) an itemized accounting of each expenditure, if any,
758 including the full name and complete address of each payee, including
759 secondary payees whenever the primary or principal payee is known
760 to include charges which the primary payee has already paid or will
761 pay directly to another person, vendor or entity, the amount and the
762 purpose of the expenditure, the candidate supported or opposed by
763 the expenditure, whether the expenditure is made independently of
764 the candidate supported or is an in-kind contribution to the candidate,
765 and a statement of the balance on hand or deficit, as the case may be;
766 (C) an itemized accounting of each expense incurred but not paid,
767 provided if the expense is incurred by use of a credit card, the
768 accounting shall include secondary payees, and the amount owed to
769 each such payee; (D) the name and address of any person who is the
770 guarantor of a loan to, or the cosigner of a note with, the candidate on
771 whose behalf the committee was formed, or the treasurer in the case of
772 a party committee or a political committee or who has advanced a
773 security deposit to a telephone company, as defined in section 16-1, for
774 telecommunications service for a committee; (E) for each business

775 entity or person purchasing advertising space in a program for a fund-
776 raising affair or on signs at a fund-raising affair, the name and address
777 of the business entity or the name and address of the person, and the
778 amount and aggregate amounts of such purchases; (F) for each
779 individual who contributes in excess of one hundred dollars but not
780 more than one thousand dollars, in the aggregate, to the extent known,
781 the principal occupation of such individual and the name of the
782 individual's employer, if any; (G) for each individual who contributes
783 in excess of one thousand dollars, in the aggregate, the principal
784 occupation of such individual and the name of the individual's
785 employer, if any; (H) for each itemized contribution made by a
786 lobbyist, the spouse of a lobbyist or any dependent child of a lobbyist
787 who resides in the lobbyist's household, a statement to that effect; and
788 (I) for each individual who contributes in excess of four hundred
789 dollars, in the aggregate, to or for the benefit of any candidate's
790 campaign for nomination at a primary or election to the office of chief
791 executive officer or a slate or town committee financing the
792 nomination or election or a candidate for chief executive officer of a
793 town, city or borough, a statement indicating whether the individual
794 or a business with which he is associated has a contract with said
795 municipality that is valued at more than five thousand dollars. Each
796 treasurer shall include in such statement (i) an itemized accounting of
797 the receipts and expenditures relative to any testimonial affair held
798 under the provisions of section 9-609 or any other fund-raising affair,
799 which is referred to in subsection (b) of section 9-601a, and (ii) the date,
800 location and a description of the affair, except that a treasurer shall not
801 be required to include the name of any individual who has purchased
802 items at a fund-raising affair or food at a town fair, county fair or
803 similar mass gathering, if the cumulative value of items purchased by
804 such individual does not exceed one hundred dollars, or the name of
805 any individual who has donated food or beverages for a meeting. A
806 treasurer shall not be required to report or retain any receipts or
807 expenditures related to any de minimis donations described in
808 subdivision (17) of subsection (b) of section 9-601a.

809 Sec. 11. Subparagraph (C) of subdivision (1) of subsection (e) of

810 section 9-608 of the general statutes is repealed and the following is
811 substituted in lieu thereof (*Effective from passage*):

812 (C) (i) Each political committee formed solely to aid or promote the
813 success or defeat of any referendum question, which does not receive
814 contributions from a business entity or an organization, shall distribute
815 its surplus to a party committee, to a political committee organized for
816 ongoing political activities, to a national committee of a political party,
817 to all contributors to the committee on a prorated basis of contribution,
818 to state or municipal governments or agencies or to any organization
819 which is a tax-exempt organization under Section 501(c)(3) of the
820 Internal Revenue Code of 1986, or any subsequent corresponding
821 internal revenue code of the United States, as from time to time
822 amended. (ii) Each political committee formed solely to aid or promote
823 the success or defeat of any referendum question, which receives
824 contributions from a business entity or an organization, and each
825 independent expenditure political committee that is established for a
826 single primary or election, shall distribute its surplus to all
827 contributors to the committee on a prorated basis of contribution, to
828 state or municipal governments or agencies, or to any organization
829 which is tax-exempt under said provisions of the Internal Revenue
830 Code. Notwithstanding the provisions of this subsection, a committee
831 formed for a single referendum shall not be required to expend its
832 surplus not later than ninety days after the referendum and may
833 continue in existence if a substantially similar referendum question on
834 the same issue will be submitted to the electorate within six months
835 after the first referendum. If two or more substantially similar
836 referenda on the same issue are submitted to the electorate, each no
837 more than six months apart, the committee shall expend such surplus
838 within ninety days following the date of the last such referendum;

839 Sec. 12. Subsection (b) of section 9-610 of the general statutes is
840 repealed and the following is substituted in lieu thereof (*Effective from*
841 *passage*):

842 (b) A candidate committee, including the candidate committee of a

843 participating or nonparticipating candidate under the Citizens'
844 Election Program, may pay or reimburse another candidate committee,
845 a party committee, a legislative leadership committee or a legislative
846 caucus committee for its pro rata share of the expenses of operating a
847 campaign headquarters and of preparing, printing and disseminating
848 any political communication on behalf of that candidate and any other
849 candidate or candidates, including any shared expenses for which only
850 the committee being paid or reimbursed was under a contractual
851 obligation to pay. Notwithstanding the provisions of subdivision (1) of
852 subsection (a) of section 9-616, a candidate committee, including the
853 candidate committee of a participating or nonparticipating candidate
854 under the Citizens' Election Program, may reimburse a party
855 committee for any expenditure such party committee has incurred for
856 the benefit of such candidate committee.

857 Sec. 13. Section 9-611 of the general statutes is repealed and the
858 following is substituted in lieu thereof (*Effective from passage*):

859 (a) No individual shall make a contribution or contributions to, for
860 the benefit of, or pursuant to the authorization or request of, a
861 candidate or a committee supporting or opposing any candidate's
862 campaign for nomination at a primary, or any candidate's campaign
863 for election, to the office of (1) Governor, in excess of three thousand
864 five hundred dollars; (2) Lieutenant Governor, Secretary of the State,
865 Treasurer, Comptroller or Attorney General, in excess of two thousand
866 dollars; (3) chief executive officer of a town, city or borough, in excess
867 of one thousand dollars; (4) state senator or probate judge, in excess of
868 one thousand dollars; or (5) state representative or any other office of a
869 municipality not previously included in this subsection, in excess of
870 two hundred fifty dollars. The limits imposed by this subsection shall
871 be applied separately to primaries and elections.

872 (b) (1) No individual shall make a contribution or contributions to,
873 or for the benefit of, an exploratory committee, in excess of three
874 hundred seventy-five dollars, if the candidate establishing the
875 exploratory committee certifies on the statement of organization for

876 the exploratory committee pursuant to subsection (c) of section 9-604
877 that the candidate will not be a candidate for the office of state
878 representative. No individual shall make a contribution or
879 contributions to, or for the benefit of, any exploratory committee, in
880 excess of two hundred fifty dollars, if the candidate establishing the
881 exploratory committee does not so certify.

882 (2) No individual shall make a contribution or contributions to, or
883 for the benefit of, a political committee formed by a slate of candidates
884 in a primary for the office of justice of the peace, in excess of two
885 hundred fifty dollars.

886 [(c) No individual shall make contributions to such candidates or
887 committees which in the aggregate exceed thirty thousand dollars for
888 any single election and primary preliminary to such election.]

889 [(d)] (c) No individual shall make a contribution to any candidate or
890 committee, other than a contribution in kind, in excess of one hundred
891 dollars except by personal check or credit card of that individual.

892 [(e)] (d) No individual who is less than eighteen years of age shall
893 make a contribution or contributions, in excess of thirty dollars to, for
894 the benefit of, or pursuant to the authorization or request of: (1) A
895 candidate or a committee supporting or opposing any candidate's
896 campaign for nomination at a primary to any office; (2) a candidate or
897 a committee supporting or opposing any candidate's campaign for
898 election to any office; (3) an exploratory committee; (4) any other
899 political committee in any calendar year; or (5) a party committee in
900 any calendar year. Notwithstanding any provision of subdivision (2) of
901 section 9-7b, any individual who is less than eighteen years of age who
902 violates any provision of this subsection shall not be subject to the
903 provisions of subdivision (2) of section 9-7b.

904 Sec. 14. Subsection (a) of section 9-612 of the general statutes is
905 repealed and the following is substituted in lieu thereof (*Effective from*
906 *passage*):

907 (a) No individual shall make a contribution or contributions in any
908 one calendar year in excess of ten thousand dollars to the state central
909 committee of any party, or for the benefit of such committee pursuant
910 to its authorization or request; or two thousand dollars to a town
911 committee of any political party, or for the benefit of such committee
912 pursuant to its authorization or request; or two thousand dollars to a
913 legislative caucus committee or legislative leadership committee; [,] or
914 one thousand dollars to any other political committee other than (1) a
915 political committee formed solely to aid or promote the success or
916 defeat of a referendum question, (2) an exploratory committee, (3) a
917 political committee established by an organization, or for the benefit of
918 such committee pursuant to its authorization or request, [or] (4) a
919 political committee formed by a slate of candidates in a primary for the
920 office of justice of the peace of the same town, or (5) an independent
921 expenditure political committee.

922 Sec. 15. Subsection (d) of section 9-612 of the general statutes is
923 repealed and the following is substituted in lieu thereof (*Effective from*
924 *passage*):

925 (d) Any individual may make unlimited contributions or
926 expenditures to aid or promote the success or defeat of any
927 referendum question, provided any individual who makes an
928 expenditure or expenditures in excess of one thousand dollars to
929 promote the success or defeat of any referendum question shall file
930 statements according to the same schedule and in the same manner as
931 is required of a treasurer of a political committee under section [9-608]
932 9-601d, as amended by this act.

933 Sec. 16. Section 9-613 of the general statutes is repealed and the
934 following is substituted in lieu thereof (*Effective from passage*):

935 (a) No business entity shall make any contributions or expenditures
936 (1) to, or for the benefit of, any candidate's campaign (A) for election to
937 any public office or position subject to this chapter, or (B) for
938 nomination at a primary for any such office or position, or (2) to
939 promote the defeat of any candidate for any such office or position. No

940 business entity shall make any other contributions or [expenditures]
941 engage in coordinated spending, as described in section 9-601c, as
942 amended by this act, to promote the success or defeat of any political
943 party, except as provided in subsection (b) of this section. No business
944 entity shall establish or control more than one political committee. A
945 political committee shall be deemed to have been established by a
946 business entity if the initial disbursement or contribution to the
947 committee is made under subsection (b) of this section or by an officer,
948 director, owner, limited or general partner or holder of stock
949 constituting five per cent or more of the total outstanding stock of any
950 class of the business entity.

951 (b) A business entity may make reasonable and necessary transfers
952 or disbursements to or for the benefit of a political committee
953 established by such business entity, for the administration of, or
954 solicitation of contributions to, such political committee. Nonmonetary
955 contributions by a business entity which are incidental in nature and
956 are directly attributable to the administration of such political
957 committee shall be exempt from the reporting requirements of this
958 chapter.

959 (c) The provisions of this section shall not preclude a business entity
960 from making contributions or expenditures to promote the success or
961 defeat of a referendum question.

962 (d) [A] Except as provided in subdivision (2) of subsection (g) of this
963 section, a political committee organized by a business entity shall not
964 make a contribution or contributions to or for the benefit of any
965 candidate's campaign for nomination at a primary or any candidate's
966 campaign for election to the office of: (1) Governor, in excess of five
967 thousand dollars; (2) Lieutenant Governor, Secretary of the State,
968 Treasurer, Comptroller or Attorney General, in excess of three
969 thousand dollars; (3) state senator, probate judge or chief executive
970 officer of a town, city or borough, in excess of one thousand five
971 hundred dollars; (4) state representative, in excess of seven hundred
972 fifty dollars; or (5) any other office of a municipality not included in

973 subdivision (3) of this subsection, in excess of three hundred seventy-
974 five dollars. The limits imposed by this subsection shall apply
975 separately to primaries and elections and contributions by any such
976 committee to candidates designated in this subsection shall not exceed
977 one hundred thousand dollars, in the aggregate, for any single election
978 and primary preliminary thereto. Contributions to such committees
979 shall also be subject to the provisions of section 9-618, as amended by
980 this act, in the case of committees formed for ongoing political activity
981 or section 9-619, as amended by this act, in the case of committees
982 formed for a single election or primary.

983 (e) [No] Except as provided in subdivision (2) of subsection (g) of
984 this section, no political committee organized by a business entity shall
985 make a contribution or contributions to (1) a state central committee of
986 a political party, in excess of seven thousand five hundred dollars in
987 any calendar year, (2) a town committee of any political party, in
988 excess of one thousand five hundred dollars in any calendar year, (3)
989 an exploratory committee in excess of three hundred seventy-five
990 dollars, or (4) any other kind of political committee, in excess of two
991 thousand dollars in any calendar year.

992 (f) As used in this subsection, "investment services" means
993 investment legal services, investment banking services, investment
994 advisory services, underwriting services, financial advisory services or
995 brokerage firm services. No political committee established by a firm
996 which provides investment services and to which the State Treasurer
997 pays compensation, expenses or fees or issues a contract shall make a
998 contribution to, or solicit contributions on behalf of, an exploratory
999 committee or candidate committee established by a candidate for
1000 nomination or election to the office of State Treasurer during the term
1001 of office of the State Treasurer who does business with such firm.

1002 (g) (1) Notwithstanding the provisions of this section, a corporation,
1003 cooperative association, limited partnership, professional association,
1004 limited liability company or limited liability partnership, whether
1005 formed in this state or any other, [acting alone,] may make

1006 independent expenditures.

1007 (2) No independent expenditure political committee, as defined in
1008 section 2 of this act, that is organized by a business entity shall make
1009 any contribution to, or for the benefit of, any candidate or committee
1010 unless such contribution is to any other independent expenditure
1011 political committee.

1012 Sec. 17. Section 9-614 of the general statutes is repealed and the
1013 following is substituted in lieu thereof (*Effective from passage*):

1014 (a) An organization may make contributions, [or] engage in
1015 coordinated spending, as described in section 9-601c, as amended by
1016 this act, or make expenditures, other than those made to promote the
1017 success or defeat of a referendum question, only by first forming its
1018 own political committee. The political committee shall then be
1019 authorized to (1) receive funds (A) exclusively from the organization's
1020 treasury or exclusively from voluntary contributions made by its
1021 members, but not both, (B) from another political committee, or [,] (C)
1022 from a candidate committee distributing a surplus, and [(1) to] (2)
1023 make (A) contributions or expenditures to, or for the benefit of, a
1024 candidate's campaign or a political party, or [(2) to make] (B)
1025 contributions to another political committee. No organization shall
1026 form more than one political committee. A political committee shall be
1027 deemed to have been established by an organization if the initial
1028 contribution to the committee is made by the organization's treasury or
1029 an officer or director of the organization.

1030 (b) A political committee established by an organization may elect
1031 to alter the manner in which it is funded if it complies with the
1032 requirements of this subsection. The committee chairperson shall
1033 notify the repository with which the committee's most recent statement
1034 of organization is filed, in writing, of the committee's intent to alter its
1035 manner of funding. Within fifteen days after the date of receipt of such
1036 notification, the treasurer of such political committee shall return any
1037 funds remaining in the account of the committee to the organization's
1038 treasury after payment of each outstanding liability. Within seven days

1039 after the distribution and payments have been made, the treasurer
1040 shall file a statement with the same repository itemizing each such
1041 distribution and payment. Upon such filing, the treasurer may receive
1042 voluntary contributions from any member of the organization which
1043 established such committee subject to the limitations imposed in
1044 subsection (b) of section 9-612.

1045 (c) The chairperson of each political committee established by an
1046 organization on or after July 1, 1985, shall designate the manner in
1047 which the committee shall be funded in the committee's statement of
1048 organization.

1049 (d) Notwithstanding the provisions of this section, an organization
1050 [, acting alone,] may make independent expenditures and
1051 contributions to any other independent expenditure political
1052 committee.

1053 Sec. 18. Section 9-615 of the general statutes is repealed and the
1054 following is substituted in lieu thereof (*Effective from passage*):

1055 (a) No political committee established by an organization shall
1056 make a contribution or contributions to, or for the benefit of, any
1057 candidate's campaign for nomination at a primary or for election to the
1058 office of: (1) Governor, in excess of five thousand dollars; (2)
1059 Lieutenant Governor, Secretary of the State, Treasurer, Comptroller or
1060 Attorney General, in excess of three thousand dollars; (3) chief
1061 executive officer of a town, city or borough, in excess of one thousand
1062 five hundred dollars; (4) state senator or probate judge, in excess of
1063 one thousand five hundred dollars; (5) state representative, in excess of
1064 seven hundred fifty dollars; or (6) any other office of a municipality
1065 not previously included in this subsection, in excess of three hundred
1066 seventy-five dollars.

1067 (b) No such committee shall make a contribution or contributions to,
1068 or for the benefit of, an exploratory committee, in excess of three
1069 hundred seventy-five dollars. Any such committee may make
1070 unlimited contributions to a political committee formed solely to aid or

1071 promote the success or defeat of a referendum question.

1072 (c) The limits imposed by subsection (a) of this section shall apply
1073 separately to primaries and elections and no such committee shall
1074 make contributions to the candidates designated in this section which,
1075 in the aggregate, exceed fifty thousand dollars for any single election
1076 and primary preliminary thereto.

1077 (d) [No] Except as provided in subsection (f) of this section, no
1078 political committee established by an organization shall make
1079 contributions in any one calendar year to, or for the benefit of, (1) the
1080 state central committee of a political party, in excess of seven thousand
1081 five hundred dollars; (2) a town committee, in excess of one thousand
1082 five hundred dollars; or (3) any political committee, other than an
1083 exploratory committee or a committee formed solely to aid or promote
1084 the success or defeat of a referendum question, in excess of two
1085 thousand dollars.

1086 (e) Contributions to a political committee established by an
1087 organization for the purpose of making contributions and engaging in
1088 coordinated spending shall be subject to the provisions of section 9-
1089 618, as amended by this act, in the case of a committee formed for
1090 ongoing political activity or section 9-619, as amended by this act, in
1091 the case of a committee formed for a single election or primary.

1092 (f) No independent expenditure political committee, as defined in
1093 section 2 of this act, that is established by an organization shall make
1094 any contribution to, or for the benefit of, any candidate or committee
1095 unless such contribution is made to any other independent
1096 expenditure political committee.

1097 Sec. 19. Subsection (a) of section 9-618 of the general statutes is
1098 repealed and the following is substituted in lieu thereof (*Effective from*
1099 *passage*):

1100 (a) A political committee organized for ongoing political activities
1101 may make unlimited contributions to, or for the benefit of, any

1102 national committee of a political party; or a committee of a candidate
1103 for federal or out-of-state office. Except as provided in subdivision (3)
1104 of subsection (d) of this section, no such political committee shall make
1105 a contribution or contributions in excess of two thousand dollars to
1106 another political committee in any calendar year. No political
1107 committee organized for ongoing political activities shall make a
1108 contribution in excess of three hundred seventy-five dollars to an
1109 exploratory committee. If such an ongoing committee is established by
1110 an organization or a business entity, its contributions shall be subject to
1111 the limits imposed by sections 9-613 to 9-615, inclusive, as amended by
1112 this act. A political committee organized for ongoing political activities
1113 may make [contributions] donations to a charitable organization which
1114 is a tax-exempt organization under Section 501(c)(3) of the Internal
1115 Revenue Code, as from time to time amended, or make memorial
1116 [contributions] donations. No independent expenditure political
1117 committee, as defined in section 2 of this act, that is organized for
1118 ongoing political activities shall make any contribution to, or for the
1119 benefit of, any candidate or committee unless such contribution is
1120 made to any other independent expenditure political committee.

1121 Sec. 20. Subsection (a) of section 9-619 of the general statutes is
1122 repealed and the following is substituted in lieu thereof (*Effective from*
1123 *passage*):

1124 (a) No political committee established for a single primary or
1125 election shall make contributions to a national committee, or a
1126 committee of a candidate for federal or out-of-state office. If such a
1127 political committee is established by an organization or a business
1128 entity, its contributions shall also be subject to the limitations imposed
1129 by sections 9-613 to 9-615, inclusive, as amended by this act. Except as
1130 provided in subdivision (2) of subsection (d) of this section, no political
1131 committee formed for a single election or primary shall, with respect to
1132 such election or primary make a contribution or contributions in excess
1133 of two thousand dollars to another political committee, provided no
1134 such political committee shall make a contribution in excess of three
1135 hundred seventy-five dollars to an exploratory committee. No

1136 independent expenditure political committee, as defined in section 2 of
1137 this act, that is established for a single primary or election shall make
1138 any contribution to, or for the benefit of, any committee unless such
1139 contribution is made to any other independent expenditure political
1140 committee.

1141 Sec. 21. Subsection (d) of section 9-621 of the general statutes is
1142 repealed and the following is substituted in lieu thereof (*Effective from*
1143 *passage*):

1144 (d) The provisions of [subsections (a), (b) and (c) of] this section do
1145 not apply to (1) any editorial, news story, or commentary published in
1146 any newspaper, magazine or journal on its own behalf and upon its
1147 own responsibility and for which it does not charge or receive any
1148 compensation whatsoever, (2) any banner, (3) political paraphernalia
1149 including pins, buttons, badges, emblems, hats, bumper stickers or
1150 other similar materials, or (4) signs with a surface area of not more
1151 than thirty-two square feet.

1152 Sec. 22. Subsection (j) of section 9-621 of the general statutes is
1153 repealed and the following is substituted in lieu thereof (*Effective from*
1154 *passage*):

1155 (j) [(1) Except as provided in subdivisions (2) and (3) of this
1156 subsection, if] If any person whose name is included on a disclaimer of
1157 a communication pursuant to the provisions of this section, as a person
1158 who made a covered transfer to the maker of the communication, is
1159 also a recipient of a covered transfer, the maker of the communication,
1160 as part of any report filed pursuant to section 9-601d, as amended by
1161 this act, or section 9-608, as amended by this act, associated with the
1162 making of such communication, shall include the names of the five
1163 persons who made the top five largest aggregate covered transfers to
1164 such recipient during the twelve-month period [immediately prior to
1165 the primary or election, as applicable] prior to the covered transfer
1166 from the recipient to the maker of the communication and the amount
1167 of such covered transfer.

1168 [(2) The name of any person who made a covered transfer to a tax-
 1169 exempt organization recognized under Section 501(c)(4) of the Internal
 1170 Revenue Code of 1986, or any subsequent corresponding internal
 1171 revenue code of the United States, as amended from time to time, that
 1172 has not had its tax exempt status revoked, shall not be disclosed
 1173 pursuant to the provisions of subdivision (1) of this subsection.

1174 (3) The name of any person who made a covered transfer to a
 1175 person whose name is included on a disclaimer pursuant to the
 1176 provisions of this section shall not be disclosed pursuant to the
 1177 provisions of subdivision (1) of this subsection if the recipient of such
 1178 covered transfer accepts covered transfers from at least one hundred
 1179 different sources, provided no such source accounts for ten per cent or
 1180 more of the total amount of covered transfers accepted by the recipient
 1181 during the twelve-month period immediately prior to the primary or
 1182 election, as applicable.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	9-601(3)
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	9-601a(a)
Sec. 4	<i>from passage</i>	9-601b(a) and (b)
Sec. 5	<i>from passage</i>	9-601c
Sec. 6	<i>from passage</i>	9-601d
Sec. 7	<i>from passage</i>	9-603(a) and (b)
Sec. 8	<i>from passage</i>	9-605(a) to (d)
Sec. 9	<i>from passage</i>	9-607(g)(1) and (2)
Sec. 10	<i>from passage</i>	9-608(c)(1)
Sec. 11	<i>from passage</i>	9-608(e)(1)(C)
Sec. 12	<i>from passage</i>	9-610(b)
Sec. 13	<i>from passage</i>	9-611
Sec. 14	<i>from passage</i>	9-612(a)
Sec. 15	<i>from passage</i>	9-612(d)
Sec. 16	<i>from passage</i>	9-613
Sec. 17	<i>from passage</i>	9-614
Sec. 18	<i>from passage</i>	9-615
Sec. 19	<i>from passage</i>	9-618(a)

Sec. 20	<i>from passage</i>	9-619(a)
Sec. 21	<i>from passage</i>	9-621(d)
Sec. 22	<i>from passage</i>	9-621(j)

GAE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill, which makes technical changes to election and campaign finance statutes, has no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5511*****AN ACT CONCERNING DISCLOSURE OF COORDINATED AND INDEPENDENT SPENDING IN CAMPAIGN FINANCE.*****SUMMARY:**

This bill modifies laws affecting elections, campaign finance, and the State Elections Enforcement Commission (SEEC). Among other things, the bill:

1. expands the contribution and expenditure exemptions for certain communications;
2. eliminates aggregate individual contribution limits;
3. creates a category of spenders called “coordinated spenders” and defines their expenditures as contributions subject to campaign finance reporting and limits;
4. codifies “independent expenditure political committees” as a type of political committee (known as a PAC) and requires them to register with SEEC;
5. changes certain independent expenditure (IE) reporting requirements and expands others, including for IEs that support or oppose referenda;
6. expands certain covered transfer disclosure requirements;
7. prohibits business entities from controlling, not only establishing, more than one PAC (§ 16); and
8. potentially increases maximum penalties for failing to file IE reports.

The bill also makes several minor, conforming, and technical changes.

EFFECTIVE DATE: Upon passage

§§ 3, 4 & 13 — CONTRIBUTIONS AND EXPENDITURES

Definitions (§§ 3 & 4)

Current law defines “contribution,” in part, as anything of value made to promote the success or defeat of any candidate seeking nomination or election. The bill expands the definition to cover persons, not only candidates, seeking nomination or election and makes the same change to the parallel definition of expenditure. It thus covers contributions and expenditures made to benefit or oppose individuals who have not officially declared their candidacy.

The law further defines contribution and expenditure, in part, as any communication that refers to one or more clearly identified candidates and (1) is broadcast by radio, television (other than a public access channel), satellite communication, via the Internet, or as a paid-for telephone communication; (2) appears in a newspaper, magazine, or on a billboard; or (3) is sent by mail.

Under current law, such a communication is not considered a contribution or expenditure if it is made more than 90 days before the primary or election and its purpose is to influence legislative or administrative action, as defined by the State Ethics Code, or executive action. The bill (1) extends the exemption to include all communications made more than 90 days before the primary or election and (2) exempts communications that constitute candidate debates, or that solely promote such debates, and that are made by or on behalf of the debate sponsor.

Aggregate Limit for Individuals (§ 13)

Current law prohibits an individual from contributing more than \$30,000 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 bill removes this limit, thus

allowing individuals to make unlimited aggregate contributions to these committees (see BACKGROUND).

§ 5 — INDEPENDENT AND COORDINATED EXPENDITURES

The law authorizes persons (including individuals, entities, and committees) to make unlimited IEs and defines “independent expenditure” as an expenditure made without the consent, coordination, or consultation of a (1) candidate or candidate's agent, (2) candidate committee, (3) PAC, or (4) party committee. It creates a rebuttable presumption that certain expenditures are not IEs, and thus are coordinated and considered contributions for campaign finance purposes.

The bill:

1. creates a new category of spenders called “coordinated spenders”;
2. establishes their relationship to candidates and committees;
3. specifies that their expenditures are coordinated, not independent, and thus are contributions subject to campaign finance limits; and
4. modifies the rebuttable presumption.

The bill defines “candidate,” with respect to IEs and coordinated spenders, as any person who, during an election cycle, later becomes a candidate and who benefits from (1) an expenditure made by a coordinated spender or (2) any other spending that is not an independent expenditure. It defines “election cycle,” with respect to an office to which a person seeks nomination or election, as the period beginning the day after the previous regular election for that office and ending on the day of the upcoming regular election for the office.

Coordinated Spenders

Under the bill, expenditures by coordinated spenders are deemed to be made with a candidate’s or committee’s consent, coordination, or

consultation, or at its request or suggestion. By law, “committee” means candidate and party committees and PACs.

Unlike existing law, which creates a rebuttable presumption that certain expenditures are not IEs, coordinated spenders’ expenditures are by definition not IEs. Since, by law, expenditures that are not IEs are contributions, coordinated spenders’ expenditures are considered contributions. However, for the first type of coordinated spending listed below, the bill also creates a rebuttable presumption that it is not an IE (see *Rebuttable Presumptions* below).

Under the bill, a “coordinated spender,” with respect to a candidate or committee, is:

1. a person directly or indirectly formed, controlled, or established in the current or preceding election cycle by, at the request or suggestion of, or with the encouragement of, the candidate or committee, any agent of the candidate or committee, or any other person deemed to be a coordinated spender or agent of the spender with respect to the candidate or committee, including with the candidate’s, committee’s, or agent’s express or tacit approval;
2. a person established, directed, or managed by any other person who, during the current or preceding election cycle, (a) was employed or retained as a political, media, or fundraising advisor or consultant for the candidate, committee, or any entity directly or indirectly controlled by the candidate or committee or (b) held a formal position, with a title, for the candidate or committee;
3. a person established, directed, or managed by a member of the candidate’s family (see below);
4. a person, or officer or agent of the person, that has had more than incidental discussion about the candidate’s or committee’s, or related coordinated spender’s, campaign advertising,

message, strategy, policy, polling, fundraising, or resource allocation; or

5. with one exception, a person on whose behalf the candidate, committee, or agent, during an election cycle, solicits funds or engages in fundraising activities, including providing donor or other lists to assist with fundraising activities, regardless of whether the person pays fair market value for the information.

The bill creates an exception under the last type of coordinated spender. Under the exception, a person is not considered a coordinated spender if funds that the candidate, committee, or agent raises for the person are segregated from other accounts the person controls and not used to make (1) IEs benefitting the candidate or committee or (2) contributions or covered transfers to any other person that, later in the current election cycle, makes IEs, contributions, or covered transfers benefitting the candidate or committee.

The bill also specifies that a person, or person's agent, that merely engages a candidate, committee, or candidate's or committee's agent in discussion about the person's position on a legislative or policy matter is generally not considered a coordinated spender. This (1) includes discussions in which the person or agent urges the candidate or committee to adopt a position but (2) excludes discussions on campaign advertising, message, strategy, policy, polling, fundraising, resource allocation, or operations.

The bill defines "member of the family" as the (1) candidate's spouse or civil union partner; (2) sibling, parent, child, grandparent, grandchild, aunt, or uncle of the candidate or the candidate's spouse or civil union partner; or (3) spouse, civil union partner, or child of anyone described above.

Rebuttable Presumptions

The law creates a rebuttable presumption that certain expenditures are not IEs and thus are coordinated and considered contributions for campaign finance purposes. The bill modifies two types of

expenditures under the rebuttable presumption and adds another, as shown in Table 1.

Table 1: Expenditures Not Considered IEs Under The Rebuttable Presumption

Current Law	Bill
Expenditures made by an individual who, in the same election cycle, is serving or has served (1) as the campaign chairperson, treasurer, or deputy treasurer of a candidate committee, PAC, or party committee benefiting from the expenditure or (2) in any other executive or policymaking position, including as a member, employee, fundraiser, consultant, or other agent, of a candidate committee, PAC, or party committee	Adds expenditures by an individual who served as an employee, fundraiser, consultant, or other agent of a candidate
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 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	Specifies that the (1) provision also applies to individuals who were employees of, or consultants to, the candidate and (2) applicable time period covers the current or preceding election cycle, rather than the 18-month period preceding the expenditure
N/A	Expenditures made by any person directly or indirectly formed, controlled, or established in the current or preceding election cycle by, at the request or suggestion of, or with the encouragement of any other person deemed to be a coordinated spender or coordinated spender's agent, including with the spender's or agent's express or tacit approval

With respect to the last type of expenditure listed in Table 1, the bill also makes it a contribution by definition. It is thus unclear which provision applies.

Additionally, the bill eliminates a prohibition on SEEC presuming that certain activities constitute evidence of consent, coordination, or consultation. Generally, they are:

1. participation by a candidate or his or her agent in an event that an entity sponsors;
2. membership of the candidate or his or her agent in the entity;

and

3. financial support for, or solicitation or fundraising on behalf of, the entity by a candidate or his or her agent.

§§ 1, 2, 8-10 & 14-20 — IE-ONLY PACS

The bill codifies “independent expenditure political committees” (known as IE-Only PACs) as a type of PAC under Connecticut’s campaign finance laws and, like other committees that make IEs, requires their registration with SEEC. It defines them as PACs that (1) make only IEs and (2) are prohibited from making contributions to or for the benefit of any candidate or committee, other than to other IE-Only PACs.

The bill authorizes individuals, labor unions, and party committees to make unlimited contributions to IE-Only PACs. By law, these persons may also make IEs (see BACKGROUND).

Lawful Purposes (§ 9)

The bill defines “lawful purposes of the committee” for IE-Only PACs as promoting (1) a political party, (2) the success or defeat of candidates for nomination or election, or (3) the success or defeat of referendum questions. It requires these committees to act entirely independently of any candidate or candidate’s agent, candidate committee, PAC, or party committee. It also authorizes treasurers of IE-only PACs organized for ongoing political purposes to refund contributions to any source since, by law, they may not accept contributions unless they are from other IE-only PACs.

Registration (§ 8)

The bill requires a group of two or more individuals who join to form an IE-Only PAC to register with SEEC if the group makes or incurs expenditures exceeding \$1,000 in the aggregate. Under the bill, IE-Only PACs must register within 10 business days after reaching the \$1,000 expenditure threshold.

Periodic Campaign Finance Statements (§ 10)

By law, candidate committees, PACs, and party committees must file periodic campaign finance statements with SEEC according to specified schedules. The statements must include, among other things, an itemized accounting of each contribution the committees and PACs receive.

The bill requires IE-Only PACs to include the name of any person that makes a covered transfer to one of its contributors if the covered transfer (1) equals \$25,000 or more in the aggregate and (2) occurs during the 12-month period before the primary, general election, or referendum whichever applies.

By law, a “covered transfer” is, with certain exceptions, any donation, transfer, or payment of funds by a person to a recipient that (1) makes IEs or (2) transfers funds to another person who makes IEs.

§ 11 — Surplus Distributions

By law, candidate committees and PACs, other than exploratory committees or PACs organized for ongoing purposes, must generally spend or distribute surplus funds within 90 days after (1) a primary when a candidate loses or (2) March 31 following an election or a referendum held in November.

The bill establishes a surplus distribution procedure for IE-only PACs created for a single primary or election. Specifically, it requires them to distribute surplus funds, according to the schedule outlined above, to (1) their contributors, on a prorated basis; (2) state or municipal governments or agencies; or (3) tax-exempt organizations.

§§ 6-8, 15 & 22 — IE REPORTING REQUIREMENTS

The law requires persons to disclose information about IEs they make that exceed \$1,000 in the aggregate. Under current law, 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 promotes the success or defeat of a statewide office or legislative candidate. For any subsequent IE, a person must file only the short-form report. Both reports must be filed with SEEC

electronically within 24 hours after making or obligating to make an IE.

The bill instead applies the 24-hour electronic filing requirements to such IEs made on or after July 1 in a regular election year through the day following the primary or general election for which the IE is made or incurred. For any other IEs, it requires that IE reports be filed according to the same schedule as the periodic statements filed by PACs. As under existing law, IEs made for or against (1) statewide office or legislative candidates, or statewide referenda, must be filed with SEEC and (2) municipal office candidates or municipal referenda must be filed with town clerks.

The bill also (1) conforms law to practice by requiring all persons that make IEs, including IEs supporting or opposing municipal candidates or referenda, to use the long- and short-form reports and (2) adds to the reports' required contents.

For the person making or obligating to make the IE, the bill requires the long-form report to also include (1) a statement indicating the person files a report with the Federal Election Commission (FEC), the Internal Revenue Service (IRS), or any similar out-of-state agency, if applicable, and the identification number or other identifying information under which any such filings are made; (2) the person's street address, if different from the mailing address; and (3) the street address, if different than the mailing address, of the agent for service of process.

With respect to referenda, the bill requires that the (1) long-form report include the date, the question's text, and whether the IE supported or opposed it and (2) short-form report identify the question's text and whether the IE supported or opposed it.

The bill requires both reports to also include any other information SEEC requires to facilitate compliance with state campaign finance laws.

Disclosing Covered Transfers (§§ 6 & 22)

As part of both the long- and short-form reports, the law requires a person to 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 IE (for which the report is being filed) is made or obligated to be made 180 or less days before the primary or election. The bill extends the requirement to covered transfers made to promote or oppose referenda.

The law exempts from this disclosure requirement a person that discloses the source and amount of a covered transfer in a report it files with the FEC, IRS, or similar out-of-state agency, provided the person includes a copy of such report in the statement it files with SEEC. The bill extends the exemption to persons that include in their IE reports information sufficient for SEEC to find their FEC, IRS, or similar out-of-state agency report.

Top Five Transferors. By law, printed, video, and audio political advertisements must include certain attributions, known as “disclaimers.” A person that makes an IE (“IE maker”) during the 90 days before a primary or general election must, among other things, 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. If a person listed as a “top five transferor” is also a recipient of a covered transfer (“recipient transferor”), the IE maker must disclose in its reports to SEEC the names of the top five transferors to that recipient transferor.

The bill redefines “top five transferors” with respect to these recipient transferors as the five persons that made the five largest aggregate covered transfers to the recipient transferor during the 12 months before “the covered transfer” to the recipient transferor. Under current law, the period covers the 12 months immediately preceding the applicable primary or election.

The bill eliminates provisions in current law prohibiting disclaimers

from listing certain persons that make covered transfers. Specifically, current law 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 transferor. Under federal law, these organizations are not required to publicly disclose their donors.

Current law 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.

Penalties for Failure to File an IE Report (§ 6)

By law, persons that make or obligate to make IEs exceeding \$1,000 in the aggregate during a primary or general election campaign must file IE reports with SEEC. The bill potentially increases the maximum (1) civil penalties SEEC may impose for failure to file certain required IE reports and (2) fine SEEC or a court may impose for a knowing and willful failure to file. It also subjects IEs that support or oppose referendum questions to these penalties.

Specifically, the law allows SEEC to impose a maximum penalty of \$10,000 for failure to file more than 90 days before a primary or general election. The bill extends this penalty to IEs that support or oppose a referendum.

For failure to file 90 days or less before a primary or general election, SEEC may currently impose a maximum penalty of \$20,000. The bill instead allows SEEC to impose a penalty of up to \$20,000 or twice the amount of any unreported IE, including for a referendum, whichever is greater.

Currently, a knowing and willful failure to file an IE report is punishable by a fine of up to \$50,000. The bill instead allows SEEC to impose a penalty of up to \$50,000 or 10 times the amount of any unreported expenditure, whichever is greater.

By law, in addition to the penalties described above, (1) SEEC may refer the matter to the chief state's attorney and (2) any knowing and willful violation of Chapter 155 of the General Statutes (i.e., campaign finance, other than the CEP) is a class D felony punishable by up to five years in prison, a fine of up to \$5,000, or both.

§ 8 — AFFILIATED PACS

By law, most PACs must register with SEEC, and the registration statement must include, among other things, the name of the committee and its purpose. The bill requires a PAC established by an individual acting as an agent for another person (known as Affiliated PACs) to additionally (1) include the name of the person for whom the agent is acting and (2) indicate whether the PAC filed a report with the FEC or other out-of-state agency and if so, include the agency name.

§ 12 — CANDIDATE COMMITTEE EXPENSE REIMBURSEMENTS

Existing law allows a candidate committee to reimburse another 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 any candidates. This includes instances when the committee receiving the reimbursement is under a contract with the vendor; the committee that pays or reimburses need not be under contract.

The bill authorizes candidate committees to additionally reimburse party committees, legislative leadership committees, and legislative caucus committees for these expenses. It also clarifies that this authorization, as well as the authorization to reimburse party committees for expenditures that benefit a candidate committee, apply to candidates participating or not participating in the Citizens' Election Program, among others.

§ 21 — POLITICAL ADVERTISING

By law, printed, video, and audio political advertisements must include certain disclaimers. The bill exempts from the law's IE disclaimer requirements (1) editorials, news stories, or commentaries

published independently and without compensation in any newspaper, magazine, or journal; (2) banners; (3) political paraphernalia, including pins, buttons, badges, emblems, hats, or bumper stickers; or (4) signs with a surface area of not more than 32 square feet. These communications are already exempt from the disclaimer requirements that the law establishes for non-IE spending.

BACKGROUND

Aggregate Contribution Limits

In *McCutcheon et al. v. Federal Election Commission*, 134 S.Ct. 1434 (2014), the U.S. Supreme Court held that aggregate limits on contributions by individuals to federal candidates, political parties, and PACs were unconstitutional under the First Amendment.

In Advisory Opinion 2014-03, SEEC announced that, unless it received further guidance from the legislature or a court, it would no longer enforce current law's \$30,000 aggregate limit on contributions by individuals 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).

IE-Only PACs

In Declaratory Ruling 2013-02, SEEC ruled that, in light of a line of cases ruling that contribution limits to IE-Only PACs are unconstitutional, it would no longer enforce contribution limits to PACs that receive and spend funds only for IEs, unless it received further guidance from the legislature or a court.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 8 Nay 6 (03/21/2016)