



# House of Representatives

General Assembly

**File No. 577**

January Session, 2017

Substitute House Bill No. 5589

*House of Representatives, April 13, 2017*

The Committee on Government Administration and Elections reported through REP. FOX of the 148th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING CAMPAIGN FINANCE REFORM.***

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2 repealed and the following is substituted in lieu thereof (*Effective from*  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 makes only (1) independent  
17 expenditures, as defined in section 9-601c of the general statutes, as  
18 amended by this act, and (2) contributions to other independent  
19 expenditure political committees.

20       Sec. 3. Section 9-601c of the general statutes is repealed and the  
21 following is substituted in lieu thereof (*Effective from passage*):

22       (a) (1) As used in this chapter and chapter 157, [the term]  
23 "independent expenditure" means an expenditure, as defined in  
24 section 9-601b, that is made entirely without the consent, coordination  
25 [ ] or consultation of [ ] a candidate, [or agent of the candidate,]  
26 candidate committee, political committee or party committee, or any  
27 agent of any such candidate or committee.

28       (2) For purposes of this section, a payment shall not be considered  
29 to be made by a person with the consent, coordination or consultation  
30 of, or at the request or suggestion of, a candidate or committee solely  
31 on the grounds that such person or the agent of such person engaged  
32 in discussion with the candidate, committee or any agent of the  
33 candidate or committee regarding such person's position on a  
34 legislative or policy matter, including urging the candidate or  
35 committee to adopt such person's position, provided any such  
36 discussion between such person or the agent of such person and the  
37 candidate, committee or any agent of the candidate or committee shall  
38 not regard the campaign advertising, message, strategy, policy,  
39 polling, fund-raising, campaign operations or allocation of resources of  
40 the candidate, committee or such person.

41       (b) As used in this section, (1) "candidate" includes any person who,  
42 during an election cycle, becomes a candidate later in such election  
43 cycle and benefits from any expenditure (A) made by a coordinated  
44 spender, or (B) that is not an independent expenditure, (2) "election  
45 cycle" means, with respect to an office to which a person seeks  
46 nomination or election, the period beginning the day after the previous

47 regular election for such office and ending the day of the immediately  
48 following regular election for such office, and (3) "member of the  
49 family" means (A) the spouse of the candidate, (B) any sibling, parent,  
50 child, grandparent, grandchild, aunt or uncle of the candidate, (C) any  
51 sibling, parent, child, grandparent, grandchild, aunt or uncle of the  
52 spouse of the candidate, or (D) the spouse of any child of any such  
53 individual described in subparagraph (B) or (C) of this subdivision.

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

56 (1) Any person directly or indirectly formed, controlled or  
57 established in an election cycle or the one immediately preceding by, at  
58 the request or suggestion of, or with the encouragement or approval  
59 of, the candidate, committee or any agent of the candidate or  
60 committee;

61 (2) Except as otherwise provided in this subdivision, any person on  
62 whose behalf during an election cycle the candidate, committee or any  
63 agent of the candidate or committee solicits funds or engages in fund-  
64 raising activity, including by providing to such person the name of any  
65 potential donor or other list to be used by such person in engaging in  
66 fund-raising activity regardless of whether such person pays fair  
67 market value for any such name or list so provided. Such person shall  
68 not be considered a coordinated spender under this subdivision if any  
69 funds raised by the candidate, committee or any agent of the candidate  
70 or committee are (A) segregated from all other accounts controlled by  
71 such person, and (B) not used to make (i) independent expenditures  
72 that benefit the candidate or committee, or (ii) contributions or covered  
73 transfers to any other person who later in such election cycle makes  
74 independent expenditures, contributions or covered transfers that  
75 benefit the candidate or committee;

76 (3) Any person established, directed or managed by any other  
77 person, which other person during an election cycle (A) served in such  
78 election cycle as a political, media or fund-raising advisor or  
79 consultant for the candidate, committee or any entity controlled by the

80 candidate or committee, or (B) held in such election cycle a formal  
81 position with a title for the candidate or committee;

82 (4) Any person who is a member of the family of the candidate or  
83 who is established, directed or managed by any member of the family  
84 of the candidate; or

85 (5) Any person or any officer or agent of such person who has had  
86 more than incidental discussion with a member of the family of the  
87 candidate regarding campaign advertising, message, strategy, policy,  
88 polling, fund-raising, campaign operations or allocation of resources of  
89 the candidate, committee or such person.

90 (d) Any expenditure made by a coordinated spender, as described  
91 in subsection (c) of this section, shall be deemed to have been made  
92 with the consent, coordination or consultation of the candidate,  
93 committee or any agent of the candidate or committee.

94 [(b)] (e) When the State Elections Enforcement Commission  
95 evaluates an expenditure, other than an expenditure described in  
96 subsection (d) of this section, to determine whether such expenditure is  
97 an independent expenditure, there shall be a rebuttable presumption  
98 that the following expenditures are not independent expenditures:

99 (1) An expenditure made by a person [in cooperation, consultation  
100 or in concert with, at the request, suggestion or direction of, or]  
101 pursuant to a general or [particular] tacit understanding with (A) a  
102 candidate, candidate committee, political committee or party  
103 committee, or (B) a consultant or other agent acting on behalf of a  
104 candidate, candidate committee, political committee or party  
105 committee;

106 (2) An expenditure made by a person for the production,  
107 dissemination, distribution or publication, in whole or in substantial  
108 part, of any broadcast or any written, graphic or other form of political  
109 advertising or campaign communication prepared by (A) a candidate,  
110 candidate committee, political committee or party committee, or (B) a

111 consultant or other agent acting on behalf of a candidate, candidate  
112 committee, political committee or party committee;

113 (3) An expenditure made by a person based on information about a  
114 candidate's, political committee's, or party committee's plans, projects  
115 or needs, provided by (A) a candidate, candidate committee, political  
116 committee or party committee, or (B) a consultant or other agent acting  
117 on behalf of a candidate, candidate committee, political committee or  
118 party committee, with the intent that such expenditure be made;

119 (4) An expenditure made by an individual who, [in the same]  
120 during an election cycle, is serving or has served in such election cycle  
121 (A) as the campaign chairperson, treasurer or deputy treasurer of a  
122 candidate committee, political committee or party committee  
123 benefiting from such expenditure, or (B) in any other executive or  
124 policymaking position, including as a member, employee, fundraiser,  
125 consultant or other agent, of a candidate, candidate committee,  
126 political committee or party committee;

127 (5) An expenditure made by a person or an entity, on or after  
128 January first in the year of an election in which a candidate is seeking  
129 public office, that benefits such candidate when such person or entity  
130 has hired an individual as an employee or consultant and such  
131 individual was an employee of or consultant to such candidate, such  
132 candidate's candidate committee or such candidate's opponent's  
133 candidate committee during [any part of the eighteen-month period  
134 preceding such expenditure] an election cycle or the one immediately  
135 preceding;

136 (6) An expenditure made by a person for fundraising activities (A)  
137 for a candidate, candidate committee, political committee or party  
138 committee, or a consultant or other agent acting on behalf of a  
139 candidate, candidate committee, political committee or party  
140 committee, or (B) for the solicitation or receipt of contributions on  
141 behalf of a candidate, candidate committee, political committee or  
142 party committee, or a consultant or other agent acting on behalf of a  
143 candidate, candidate committee, political committee or party

144 committee;

145 (7) An expenditure made by a person based on information about a  
146 candidate's campaign plans, projects or needs, that is directly or  
147 indirectly provided by a candidate, the candidate's candidate  
148 committee, a political committee or a party committee, or a consultant  
149 or other agent acting on behalf of such candidate, candidate  
150 committee, political committee or party committee, to the person  
151 making the expenditure or such person's agent, with an express or tacit  
152 understanding that such person is considering making the  
153 expenditure;

154 (8) An expenditure made by a person for a communication that  
155 clearly identifies a candidate during an election campaign, if the  
156 person making the expenditure, or such person's agent, has informed  
157 the candidate who benefits from the expenditure, [that] such  
158 candidate's candidate committee, a political committee or a party  
159 committee, or a consultant or other agent acting on behalf of the  
160 benefiting candidate or candidate committee, political committee [,] or  
161 party committee, concerning the communication's contents, or of the  
162 intended audience, timing, location or mode or frequency of  
163 dissemination. [As used in] For purposes of this subdivision, a  
164 communication clearly identifies a candidate when that  
165 communication contains the name, nickname, initials, photograph or  
166 drawing of the candidate or an unambiguous reference to [that] such  
167 candidate, which includes, but is not limited to, a reference that can  
168 only mean [that] such candidate; [and]

169 (9) An expenditure made by a person or an entity for consultant or  
170 creative services, including, but not limited to, services related to  
171 communications strategy or design or campaign strategy or to engage  
172 a campaign-related vendor, to be used to promote or oppose a  
173 candidate's election to office if the provider of such services is  
174 providing or has provided consultant or creative services to such  
175 candidate, such candidate's candidate committee or an agent of such  
176 candidate committee, or to any opposing candidate's candidate

177 committee or an agent of such opposing candidate's candidate  
178 committee after January first of the year in which the expenditure  
179 occurs. For purposes of this subdivision, communications strategy or  
180 design does not include the costs of printing or costs for the use of a  
181 medium for the purpose of communications. For purposes of this  
182 subdivision, campaign-related vendor includes, but is not limited to, a  
183 vendor that provides any of the following services: Polling, mail  
184 design, mail strategy, political strategy, general campaign advice or  
185 telephone banking; [.] and

186 (10) An expenditure made by a person directly or indirectly formed,  
187 controlled or established in an election cycle or the one immediately  
188 preceding by, at the request or suggestion of or with the  
189 encouragement of any other person deemed to be a coordinated  
190 spender or any agent of such coordinated spender, including with the  
191 express or tacit approval of any such coordinated spender or agent.

192 [(c) When the State Elections Enforcement Commission evaluates an  
193 expenditure to determine whether an expenditure by entity is an  
194 independent expenditure, the following shall not be presumed to  
195 constitute evidence of consent, coordination or consultation within the  
196 meaning of subsection (a) of this section: (1) Participation by a  
197 candidate or an agent of the candidate in an event sponsored by the  
198 entity, unless such event promotes the success of the candidate's  
199 candidacy or the defeat of the candidate's opponent, or unless the  
200 event is during the period that is forty-five days prior to the primary  
201 for which the candidate is seeking nomination for election or election  
202 to office; (2) membership of the candidate or agent of the candidate in  
203 the entity, unless the candidate or agent of the candidate holds an  
204 executive or policymaking position within the entity after the  
205 candidate becomes a candidate; or (3) financial support for, or  
206 solicitation or fundraising on behalf of the entity by a candidate or an  
207 agent of the candidate, unless the entity has made or obligated to make  
208 independent expenditures in support of such candidate in the election  
209 or primary for which the candidate is a candidate.]

210     ~~[(d)]~~ (f) When the State Elections Enforcement Commission  
211 evaluates an expenditure to determine whether such expenditure is an  
212 independent expenditure, the commission shall consider, as an  
213 effective rebuttal to the presumptions provided in subsection ~~[(b)]~~ (e)  
214 of this section, the establishment by the person making the  
215 expenditure of a firewall policy designed and implemented to prohibit  
216 the flow of information between (1) employees, consultants or other  
217 individuals providing services to the person paying for the  
218 expenditure, and (2) the candidate or agents of the candidate.

219     Sec. 4. Subdivision (1) of subsection (g) of section 9-607 of the  
220 general statutes is repealed and the following is substituted in lieu  
221 thereof (*Effective from passage*):

222     (g) (1) As used in this subsection, (A) "the lawful purposes of the  
223 committee" means: (i) For a candidate committee or exploratory  
224 committee, the promoting of the nomination or election of the  
225 candidate who established the committee, except that after a political  
226 party nominates candidates for election to the offices of Governor and  
227 Lieutenant Governor, whose names shall be so placed on the ballot in  
228 the election that an elector will cast a single vote for both candidates,  
229 as prescribed in section 9-181, a candidate committee established by  
230 either such candidate may also promote the election of the other such  
231 candidate; (ii) for a political committee, other than an independent  
232 expenditure political committee described in subparagraph (A)(iv) of  
233 this subdivision, the promoting of (I) a political party, including party  
234 building activities, (II) the success or defeat of candidates for  
235 nomination [and] or election to public office or position subject to the  
236 requirements of this chapter, or (III) the success or defeat of  
237 referendum questions, provided a political committee formed for a  
238 single referendum question shall not promote the success or defeat of  
239 any candidate, and provided further a legislative leadership committee  
240 or a legislative caucus committee may expend funds to defray costs for  
241 conducting legislative or constituency-related business which are not  
242 reimbursed or paid by the state; [and] (iii) for a party committee, the  
243 promoting of the party, party building activities, the candidates of the



244 party and continuing operating costs of the party; and (iv) for an  
245 independent expenditure political committee, the promoting of (I) a  
246 political party, (II) the success or defeat of candidates for nomination  
247 or election to public office or position subject to the requirements of  
248 this chapter, or (III) the success or defeat of referendum questions,  
249 provided an independent expenditure political committee shall act  
250 entirely independently of a candidate, candidate committee, party  
251 committee or political committee that is not an independent  
252 expenditure political committee, or any agent of such candidate or  
253 committee, and (B) "immediate family" means a spouse or dependent  
254 child of a candidate who resides in the candidate's household.

255 Sec. 5. Subsection (c) of section 9-608 of the general statutes is  
256 repealed and the following is substituted in lieu thereof (*Effective from*  
257 *passage*):

258 (c) (1) Each statement filed under subsection (a), (e) or (f) of this  
259 section shall include, but not be limited to: (A) An itemized accounting  
260 of each contribution, if any, including the full name and complete  
261 address of each contributor and the amount of the contribution. For an  
262 independent expenditure political committee, if any contributor to  
263 such independent expenditure political committee is a recipient of a  
264 covered transfer or transfers amounting to twenty-five thousand  
265 dollars or more, in the aggregate, per calendar year, such statement  
266 shall include the names of the persons who made the top five largest  
267 aggregate covered transfers to such recipient during the twelve-month  
268 period immediately preceding a primary, election or referendum, as  
269 applicable; (B) an itemized accounting of each expenditure, if any,  
270 including the full name and complete address of each payee, including  
271 secondary payees whenever the primary or principal payee is known  
272 to include charges which the primary payee has already paid or will  
273 pay directly to another person, vendor or entity, the amount and the  
274 purpose of the expenditure, the candidate supported or opposed by  
275 the expenditure, whether the expenditure is made independently of  
276 the candidate supported or is an in-kind contribution to the candidate,  
277 and a statement of the balance on hand or deficit, as the case may be;

278 (C) an itemized accounting of each expense incurred but not paid,  
279 provided if the expense is incurred by use of a credit card, the  
280 accounting shall include secondary payees, and the amount owed to  
281 each such payee; (D) the name and address of any person who is the  
282 guarantor of a loan to, or the cosigner of a note with, the candidate on  
283 whose behalf the committee was formed, or the treasurer in the case of  
284 a party committee or a political committee or who has advanced a  
285 security deposit to a telephone company, as defined in section 16-1, for  
286 telecommunications service for a committee; (E) for each business  
287 entity or person purchasing advertising space in a program for a fund-  
288 raising affair or on signs at a fund-raising affair, the name and address  
289 of the business entity or the name and address of the person, and the  
290 amount and aggregate amounts of such purchases; (F) for each  
291 individual who contributes in excess of one hundred dollars but not  
292 more than one thousand dollars, in the aggregate, to the extent known,  
293 the principal occupation of such individual and the name of the  
294 individual's employer, if any; (G) for each individual who contributes  
295 in excess of one thousand dollars in the aggregate, the principal  
296 occupation of such individual and the name of the individual's  
297 employer, if any; (H) for each itemized contribution made by a  
298 lobbyist, the spouse of a lobbyist or any dependent child of a lobbyist  
299 who resides in the lobbyist's household, a statement to that effect; and  
300 (I) for each individual who contributes in excess of four hundred  
301 dollars in the aggregate to or for the benefit of any candidate's  
302 campaign for nomination at a primary or election to the office of chief  
303 executive officer or a slate or town committee financing the  
304 nomination or election or a candidate for chief executive officer of a  
305 town, city or borough, a statement indicating whether the individual  
306 or a business with which he is associated has a contract with said  
307 municipality that is valued at more than five thousand dollars. Each  
308 treasurer shall include in such statement (i) an itemized accounting of  
309 the receipts and expenditures relative to any testimonial affair held  
310 under the provisions of section 9-609 or any other fund-raising affair,  
311 which is referred to in subsection (b) of section 9-601a, and (ii) the date,  
312 location and a description of the affair, except that a treasurer shall not

313 be required to include the name of any individual who has purchased  
314 items at a fund-raising affair or food at a town fair, county fair or  
315 similar mass gathering, if the cumulative value of items purchased by  
316 such individual does not exceed one hundred dollars, or the name of  
317 any individual who has donated food or beverages for a meeting. A  
318 treasurer shall not be required to report or retain any receipts or  
319 expenditures related to any de minimis donations described in  
320 subdivision (17) of subsection (b) of section 9-601a.

321 (2) Each contributor described in subparagraph (F), (G), (H) or (I) of  
322 subdivision (1) of this subsection shall, at the time the contributor  
323 makes such a contribution, provide the information that the treasurer  
324 is required to include under said subparagraph in the statement filed  
325 under subsection (a), (e) or (f) of this section. Notwithstanding any  
326 provision of subdivision (2) of section 9-7b, any contributor described  
327 in subparagraph (F) of subdivision (1) of this subsection who does not  
328 provide such information at the time the contributor makes such a  
329 contribution and any treasurer shall not be subject to the provisions of  
330 subdivision (2) of section 9-7b. If a treasurer receives a contribution  
331 from an individual which separately, or in the aggregate, is in excess of  
332 one thousand dollars and the contributor has not provided the  
333 information required by said subparagraph (G) or if a treasurer  
334 receives a contribution from an individual to or for the benefit of any  
335 candidate's campaign for nomination at a primary or election to the  
336 office of chief executive officer of a town, city or borough, which  
337 separately, or in the aggregate, is in excess of four hundred dollars and  
338 the contributor has not provided the information required by said  
339 subparagraph (I), the treasurer: (i) Not later than three business days  
340 after receiving the contribution, shall send a request for such  
341 information to the contributor by certified mail, return receipt  
342 requested; (ii) shall not deposit the contribution until the treasurer  
343 obtains such information from the contributor, notwithstanding the  
344 provisions of section 9-606; and (iii) shall return the contribution to the  
345 contributor if the contributor does not provide the required  
346 information not later than fourteen days after the treasurer's written  
347 request or the end of the reporting period in which the contribution

348 was received, whichever is later. Any failure of a contributor to  
349 provide the information which the treasurer is required to include  
350 under said subparagraph (F) or (H), which results in noncompliance  
351 by the treasurer with the provisions of said subparagraph (F) or (H),  
352 shall be a complete defense to any action against the treasurer for  
353 failure to disclose such information.

354 (3) In addition to the requirements of subdivision (2) of this  
355 subsection, each contributor who makes a contribution to a candidate  
356 or exploratory committee for Governor, Lieutenant Governor,  
357 Attorney General, State Comptroller, Secretary of the State, State  
358 Treasurer, state senator or state representative, any political committee  
359 authorized to make contributions to such candidates or committees,  
360 and any party committee that separately, or in the aggregate, exceeds  
361 fifty dollars shall provide with the contribution: (A) The name of the  
362 contributor's employer, if any; (B) the contributor's status as a  
363 communicator lobbyist, as defined in section 1-91, a member of the  
364 immediate family of a communicator lobbyist, a state contractor, a  
365 prospective state contractor or a principal of a state contractor or  
366 prospective state contractor, as defined in section 9-612, as amended by  
367 this act; and (C) a certification that the contributor is not prohibited  
368 from making a contribution to such candidate or committee. The State  
369 Elections Enforcement Commission shall prepare a sample form for  
370 such certification by the contributor and shall make it available to  
371 treasurers and contributors. Such sample form shall include an  
372 explanation of the terms "communicator lobbyist", "principal of a state  
373 contractor or prospective state contractor", "immediate family", "state  
374 contractor" and "prospective state contractor". The information on such  
375 sample form shall be included in any written solicitation conducted by  
376 any such committee. If a treasurer receives such a contribution and the  
377 contributor has not provided such certification, the treasurer shall: (i)  
378 Not later than three business days after receiving the contribution,  
379 send a request for the certification to the contributor by certified mail,  
380 return receipt requested; (ii) not deposit the contribution until the  
381 treasurer obtains the certification from the contributor,  
382 notwithstanding the provisions of section 9-606; and (iii) return the

383 contribution to the contributor if the contributor does not provide the  
384 certification not later than fourteen days after the treasurer's written  
385 request or at the end of the reporting period in which the contribution  
386 was received, whichever is later. No treasurer shall be required to  
387 obtain and keep more than one certification from each contributor,  
388 unless information certified to by the contributor, other than the  
389 amount contributed, changes. If a treasurer deposits a contribution  
390 based on a certification that is later determined to be false, the  
391 treasurer shall have a complete defense to any action, including, but  
392 not limited to, any complaint investigated by the State Elections  
393 Enforcement Commission or any other investigation initiated by [said]  
394 the commission, against such treasurer for the receipt of such  
395 contribution.

396 (4) In addition to the requirements of subdivision (2) of this  
397 subsection, each contributor who is the recipient of any covered  
398 transfer and who makes a contribution to an independent expenditure  
399 political committee that separately, or in the aggregate, exceeds  
400 twenty-five thousand dollars per calendar year shall provide with the  
401 contribution a statement signed under penalty of false statement,  
402 which statement shall include: (A) If the contributor is a human being,  
403 the name of the contributor's employer or employers, if any; (B) the  
404 contributor's status as a client lobbyist or communicator lobbyist, as  
405 defined in section 1-91, or a member of the immediate family of a  
406 communicator lobbyist; (C) a certification that the contributor is not  
407 prohibited from making a contribution to the independent expenditure  
408 political committee; and (D) if the contributor is not a human being,  
409 the names of the five persons who made the top five largest aggregate  
410 covered transfers to such recipient during the twelve-month period  
411 immediately preceding a primary, election or referendum, as  
412 applicable. The State Elections Enforcement Commission shall prepare  
413 a sample form for such certification by the contributor and shall make  
414 it available to treasurers and contributors. Such sample form shall  
415 include an explanation of the term "covered transfer". The information  
416 on such sample form shall be included in any written solicitation  
417 conducted by such independent expenditure political committee. If a

418 treasurer receives a contribution and the contributor has not provided  
419 such certification, the treasurer shall: (i) Not later than three business  
420 days after receiving the contribution, send a request for the  
421 certification to the contributor by certified mail, return receipt  
422 requested; (ii) not deposit the contribution until the treasurer obtains  
423 the certification from the contributor, notwithstanding the provisions  
424 of section 9-606; and (iii) return the contribution to the contributor if  
425 the contributor does not provide the certification not later than  
426 fourteen days after the treasurer's written request or at the end of the  
427 reporting period in which the contribution was received, whichever is  
428 later. If a treasurer deposits a contribution based on a certification  
429 signed under penalty of false statement that is later determined to be  
430 false, the treasurer shall have a complete defense to any action,  
431 including, but not limited to, any complaint investigated by the State  
432 Elections Enforcement Commission or any other investigation initiated  
433 by the commission, against such treasurer for the receipt of such  
434 contribution.

435 [(4)] (5) Contributions from a single individual to a treasurer in the  
436 aggregate totaling fifty dollars or less need not be individually  
437 identified in the statement, but a sum representing the total amount of  
438 all such contributions made by all such individuals during the period  
439 to be covered by such statement shall be a separate entry, identified  
440 only by the words "total contributions from small contributors".

441 [(5)] (6) Each statement filed by the treasurer of a party committee, a  
442 legislative caucus committee or a legislative leadership committee shall  
443 include an itemized accounting of each organization expenditure made  
444 by the committee. Concomitant with the filing of any such statement  
445 containing an accounting of an organization expenditure made by the  
446 committee for the benefit of any candidate for the office of state  
447 senator, state representative, Governor, Lieutenant Governor, Attorney  
448 General, Secretary of the State, State Comptroller or State Treasurer  
449 such treasurer shall provide notice of the organization expenditure to  
450 the candidate committee of such candidate.

451        ~~[(6)]~~ (7) The commission shall post a link on the home page of the  
452 commission's Internet web site to a listing of all organizational  
453 expenditures reported by a party, legislative leadership or caucus  
454 committee under subdivision ~~[(5)]~~ (6) of this subsection. Such  
455 information shall include reported information on the committee  
456 making the expenditure, the committee receiving the expenditure and  
457 the date and purpose for the expenditure.

458        ~~[(7)]~~ (8) Statements filed in accordance with this section shall remain  
459 public records of the state for five years from the date such statements  
460 are filed.

461        Sec. 6. Subparagraph (C) of subdivision (1) of subsection (e) of  
462 section 9-608 of the general statutes is repealed and the following is  
463 substituted in lieu thereof (*Effective from passage*):

464        (C) (i) Each political committee formed solely to aid or promote the  
465 success or defeat of any referendum question, which does not receive  
466 contributions from a business entity or an organization, shall distribute  
467 its surplus to a party committee, to a political committee organized for  
468 ongoing political activities, to a national committee of a political party,  
469 to all contributors to the committee on a prorated basis of contribution,  
470 to state or municipal governments or agencies or to any organization  
471 which is a tax-exempt organization under Section 501(c)(3) of the  
472 Internal Revenue Code of 1986, or any subsequent corresponding  
473 internal revenue code of the United States, as from time to time  
474 amended. (ii) Each political committee formed solely to aid or promote  
475 the success or defeat of any referendum question, which receives  
476 contributions from a business entity or an organization, and each  
477 independent expenditure political committee other than an  
478 independent expenditure political committee formed for ongoing  
479 political activities, shall distribute its surplus to all contributors to the  
480 committee on a prorated basis of contribution, to state or municipal  
481 governments or agencies, or to any organization which is tax-exempt  
482 under said provisions of the Internal Revenue Code. Notwithstanding  
483 the provisions of this subsection, a committee formed for a single

484 referendum shall not be required to expend its surplus not later than  
485 ninety days after the referendum and may continue in existence if a  
486 substantially similar referendum question on the same issue will be  
487 submitted to the electorate within six months after the first  
488 referendum. If two or more substantially similar referenda on the same  
489 issue are submitted to the electorate, each no more than six months  
490 apart, the committee shall expend such surplus within ninety days  
491 following the date of the last such referendum;

492 Sec. 7. Subsection (a) of section 9-612 of the general statutes is  
493 repealed and the following is substituted in lieu thereof (*Effective from*  
494 *passage*):

495 (a) No individual shall make a contribution or contributions in any  
496 one calendar year in excess of ten thousand dollars to the state central  
497 committee of any party, or for the benefit of such committee pursuant  
498 to its authorization or request; or two thousand dollars to a town  
499 committee of any political party, or for the benefit of such committee  
500 pursuant to its authorization or request; or two thousand dollars to a  
501 legislative caucus committee or legislative leadership committee; [,] or  
502 one thousand dollars to any other political committee other than (1) a  
503 political committee formed solely to aid or promote the success or  
504 defeat of a referendum question, (2) an exploratory committee, (3) a  
505 political committee established by an organization, or for the benefit of  
506 such committee pursuant to its authorization or request, [or] (4) a  
507 political committee formed by a slate of candidates in a primary for the  
508 office of justice of the peace of the same town, or (5) an independent  
509 expenditure political committee.

510 Sec. 8. Section 9-613 of the general statutes is repealed and the  
511 following is substituted in lieu thereof (*Effective from passage*):

512 (a) [No] Except as provided in subsection (g) of this section, a  
513 business entity shall not make any contributions or expenditures (1) to,  
514 or for the benefit of, any candidate's campaign (A) for election to any  
515 public office or position subject to this chapter, or (B) for nomination at  
516 a primary for any such office or position, or (2) to promote the defeat



517 of any candidate for any such office or position. No business entity  
518 shall make any other contributions or [expenditures] engage in  
519 coordinated spending, as described in section 9-601c, as amended by  
520 this act, to promote the success or defeat of any political party. [, except  
521 as provided in subsection (b) of this section. No] A business entity  
522 shall not establish more than one political committee. A political  
523 committee shall be deemed to have been established by a business  
524 entity if the initial disbursement or contribution to the committee is  
525 made under subsection (b) of this section or by an officer, director,  
526 owner, limited or general partner or holder of stock constituting five  
527 per cent or more of the total outstanding stock of any class of the  
528 business entity.

529 (b) A business entity may make reasonable and necessary transfers  
530 or disbursements to, or for the benefit of, a political committee  
531 established by such business entity, for the administration of, or  
532 solicitation of contributions to, such political committee. Nonmonetary  
533 contributions by a business entity which are incidental in nature and  
534 are directly attributable to the administration of such political  
535 committee shall be exempt from the reporting requirements of this  
536 chapter.

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

540 (d) [A] Except as provided in subsection (g) of this section, a  
541 political committee organized by a business entity shall not make a  
542 contribution or contributions to, or for the benefit of, any candidate's  
543 campaign for nomination at a primary or any candidate's campaign for  
544 election to the office of: (1) Governor, in excess of five thousand  
545 dollars; (2) Lieutenant Governor, Secretary of the State, Treasurer,  
546 Comptroller or Attorney General, in excess of three thousand dollars;  
547 (3) state senator, probate judge or chief executive officer of a town, city  
548 or borough, in excess of one thousand five hundred dollars; (4) state  
549 representative, in excess of seven hundred fifty dollars; or (5) any other

550 office of a municipality not included in subdivision (3) of this  
551 subsection, in excess of three hundred seventy-five dollars. The limits  
552 imposed by this subsection shall apply separately to primaries and  
553 elections, and contributions by any such committee to candidates  
554 designated in this subsection shall not exceed one hundred thousand  
555 dollars in the aggregate for any single election and primary  
556 preliminary thereto. Contributions to such committees shall also be  
557 subject to the provisions of section 9-618, as amended by this act, in the  
558 case of committees formed for ongoing political activity or section 9-  
559 619, as amended by this act, in the case of committees formed for a  
560 single election or primary.

561 (e) [No] Except as provided in subsection (g) of this section, a  
562 political committee organized by a business entity shall not make a  
563 contribution or contributions to (1) a state central committee of a  
564 political party, in excess of seven thousand five hundred dollars in any  
565 calendar year, (2) a town committee of any political party, in excess of  
566 one thousand five hundred dollars in any calendar year, (3) an  
567 exploratory committee in excess of three hundred seventy-five dollars,  
568 or (4) any other kind of political committee, in excess of two thousand  
569 dollars in any calendar year.

570 (f) As used in this subsection, "investment services" means  
571 investment legal services, investment banking services, investment  
572 advisory services, underwriting services, financial advisory services or  
573 brokerage firm services. No political committee established by a firm  
574 which provides investment services and to which the State Treasurer  
575 pays compensation, expenses or fees or issues a contract shall make a  
576 contribution to, or solicit contributions on behalf of, an exploratory  
577 committee or candidate committee established by a candidate for  
578 nomination or election to the office of State Treasurer during the term  
579 of office of the State Treasurer who does business with such firm.

580 (g) (1) Notwithstanding the provisions of [this section, a  
581 corporation, cooperative association, limited partnership, professional  
582 association, limited liability company or limited liability partnership,

583 whether formed in this state or any other, acting alone,] subsections (a)  
584 to (f), inclusive, of this section, and except as provided in subdivision  
585 (3) of this subsection, a business entity may make independent  
586 expenditures and contributions to an independent expenditure  
587 political committee.

588 (2) An independent expenditure political committee, as defined in  
589 section 2 of this act, organized by a business entity shall not make any  
590 contribution unless such contribution is to another independent  
591 expenditure political committee.

592 (3) No foreign-influenced entity may make independent  
593 expenditures or covered transfers.

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

596 (a) An organization may make contributions, [or] engage in  
597 coordinated spending, as described in section 9-601c, as amended by  
598 this act, and make expenditures, other than [those made to promote]  
599 for the purpose of promoting the success or defeat of a referendum  
600 question, only by first forming its own political committee. [The]  
601 Unless such political committee is an independent expenditure  
602 political committee, the political committee shall then be authorized to  
603 (1) receive funds (A) exclusively from the organization's treasury or  
604 from voluntary contributions made by its members, but not both, (B)  
605 from another political committee, or [,] (C) from a candidate committee  
606 distributing a surplus, and [(1) to] (2) make (A) contributions or  
607 expenditures to, or for the benefit of, a candidate's campaign or a  
608 political party, or [(2) to make] (B) contributions to another political  
609 committee. [No] An organization shall not form more than one  
610 political committee. A political committee shall be deemed to have  
611 been established by an organization if the initial contribution to the  
612 committee is made by the organization's treasury or an officer or  
613 director of the organization.

614 (b) A political committee established by an organization may elect

615 to alter the manner in which it is funded if it complies with the  
616 requirements of this subsection. The committee chairperson shall  
617 notify the repository with which the committee's most recent statement  
618 of organization is filed, in writing, of the committee's intent to alter its  
619 manner of funding. [Within] Not later than fifteen days after the date  
620 of receipt of such notification, the treasurer of such political committee  
621 shall return any funds remaining in the account of the committee to  
622 the organization's treasury after payment of each outstanding liability.  
623 [Within] Not later than seven days after the distribution and payments  
624 have been made, the treasurer shall file a statement with the same  
625 repository itemizing each such distribution and payment. Upon such  
626 filing, the treasurer may receive voluntary contributions from any  
627 member of the organization which established such committee subject  
628 to the limitations imposed in subsection (b) of section 9-612.

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

633 (d) Notwithstanding the provisions of this section, an organization  
634 [ , acting alone,] may make independent expenditures and  
635 contributions to an independent expenditure political committee.

636 Sec. 10. Section 9-615 of the general statutes is repealed and the  
637 following is substituted in lieu thereof (*Effective from passage*):

638 (a) [No] A political committee established by an organization shall  
639 not make a contribution or contributions to, or for the benefit of, any  
640 candidate's campaign for nomination at a primary or for election to the  
641 office of: (1) Governor, in excess of five thousand dollars; (2)  
642 Lieutenant Governor, Secretary of the State, Treasurer, Comptroller or  
643 Attorney General, in excess of three thousand dollars; (3) chief  
644 executive officer of a town, city or borough, in excess of one thousand  
645 five hundred dollars; (4) state senator or probate judge, in excess of  
646 one thousand five hundred dollars; (5) state representative, in excess of  
647 seven hundred fifty dollars; or (6) any other office of a municipality

648 not previously included in this subsection, in excess of three hundred  
649 seventy-five dollars.

650 (b) [No] Any such committee shall not make a contribution or  
651 contributions to, or for the benefit of, an exploratory committee, in  
652 excess of three hundred seventy-five dollars. Any such committee may  
653 make unlimited contributions to a political committee formed solely to  
654 aid or promote the success or defeat of a referendum question.

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

660 (d) [No] Except as provided in subsection (f) of this section, a  
661 political committee established by an organization shall not make  
662 contributions in any one calendar year to, or for the benefit of, (1) the  
663 state central committee of a political party, in excess of seven thousand  
664 five hundred dollars; (2) a town committee, in excess of one thousand  
665 five hundred dollars; or (3) any political committee, other than an  
666 exploratory committee or a committee formed solely to aid or promote  
667 the success or defeat of a referendum question, in excess of two  
668 thousand dollars.

669 (e) Contributions to a political committee established by an  
670 organization for the purpose of making contributions and engaging in  
671 coordinated spending shall be subject to the provisions of section 9-  
672 618, as amended by this act, in the case of a committee formed for  
673 ongoing political activity or section 9-619, as amended by this act, in  
674 the case of a committee formed for a single election or primary.

675 (f) An independent expenditure political committee, as defined in  
676 section 2 of this act, established by an organization shall not make any  
677 contribution unless such contribution is to another independent  
678 expenditure political committee.

679 Sec. 11. Subsection (a) of section 9-618 of the general statutes is  
680 repealed and the following is substituted in lieu thereof (*Effective from*  
681 *passage*):

682 (a) (1) A political committee organized for ongoing political  
683 activities may make unlimited contributions to, or for the benefit of,  
684 any national committee of a political party [;] or a committee of a  
685 candidate for federal or out-of-state office. Except as provided in  
686 subdivision (3) of subsection (d) of this section, no such political  
687 committee shall make a contribution or contributions in excess of two  
688 thousand dollars to another political committee in any calendar year.  
689 No political committee organized for ongoing political activities shall  
690 make a contribution in excess of three hundred seventy-five dollars to  
691 an exploratory committee. If such an ongoing committee is established  
692 by an organization or a business entity, its contributions shall be  
693 subject to the limits imposed by sections 9-613 to 9-615, inclusive, as  
694 amended by this act. A political committee organized for ongoing  
695 political activities may make [contributions] donations to a charitable  
696 organization which is a tax-exempt organization under Section  
697 501(c)(3) of the Internal Revenue Code, as from time to time amended,  
698 or make memorial [contributions] donations.

699 (2) An independent expenditure political committee organized for  
700 ongoing political activities shall not make any contribution unless such  
701 contribution is to another independent expenditure political  
702 committee.

703 Sec. 12. Subsection (a) of section 9-619 of the general statutes is  
704 repealed and the following is substituted in lieu thereof (*Effective from*  
705 *passage*):

706 (a) (1) No political committee established for a single primary or  
707 election shall make contributions to a national committee, or a  
708 committee of a candidate for federal or out-of-state office. If such a  
709 political committee is established by an organization or a business  
710 entity, its contributions shall also be subject to the limitations imposed  
711 by sections 9-613 to 9-615, inclusive, as amended by this act. Except as

712 provided in subdivision (2) of subsection (d) of this section, no political  
713 committee formed for a single election or primary shall, with respect to  
714 such election or primary, make a contribution or contributions in  
715 excess of two thousand dollars to another political committee,  
716 [provided] except that no such political committee shall make a  
717 contribution in excess of three hundred seventy-five dollars to an  
718 exploratory committee.

719 (2) An independent expenditure political committee shall not make  
720 any contribution unless such contribution is to another independent  
721 expenditure political committee.

722 Sec. 13. Section 9-620 of the general statutes is repealed and the  
723 following is substituted in lieu thereof (*Effective from passage*):

724 (a) A political committee formed solely to aid or promote the  
725 success or defeat of a referendum question shall not make  
726 contributions to, or for the benefit of, a party committee, a political  
727 committee, a national committee, a committee of a candidate for  
728 federal or out-of-state office or a candidate committee, except in the  
729 distribution of a surplus, as provided in subsection (e) of section 9-608,  
730 as amended by this act.

731 (b) A political committee formed solely to aid or promote the  
732 success or defeat of a referendum question shall not receive  
733 contributions from a national committee or from a committee of a  
734 candidate for federal or out-of-state office.

735 (c) [No] A person, other than an individual or a committee, shall not  
736 make a contribution to a political committee formed solely to aid or  
737 promote the success or defeat of a referendum question, or to any  
738 other person [,] to aid or promote the success or defeat of a referendum  
739 question, in excess of ten cents for each individual residing in the state  
740 or political subdivision thereof in which such referendum question is  
741 to be voted upon, in accordance with the last federal decennial census.

742 (d) Notwithstanding any other provision of this section, an

743 independent expenditure political committee, as defined in section 2 of  
744 this act, formed solely to aid or promote the success or defeat of a  
745 referendum question shall not make any contribution unless such  
746 contribution is made to another independent expenditure political  
747 committee.

748 Sec. 14. (NEW) (*Effective from passage*) (a) Notwithstanding any  
749 provision of the general statutes, the board of governance, if any, for  
750 any entity incorporated, organized or operating in this state shall vote  
751 for prior authorization for each payment or distribution of money in  
752 an amount more than four thousand dollars to be used as a campaign-  
753 related disbursement. The board shall be informed of the specific use  
754 of the money, including any candidate that might be the target or  
755 beneficiary of an independent expenditure, as defined in section 9-601c  
756 of the general statutes, as amended by this act, from such campaign-  
757 related disbursement prior to any such vote. Individual board member  
758 votes and the details of such disbursements shall be disclosed to the  
759 public on the entity's Internet web site not later than forty-eight hours  
760 after the vote and filed electronically with the State Elections  
761 Enforcement Commission under the provisions of section 9-612 of the  
762 general statutes, as amended by this act.

763 (b) Any such entity required to file a statement under section 9-612  
764 of the general statutes, as amended by this act, after making or  
765 obligating to make an independent expenditure shall do at least one of  
766 the following: (1) If the entity submits regular, periodic reports to its  
767 shareholders, members or donors on the entity's finances or activities,  
768 include in each such report (A) the identity of the individual making  
769 any campaign-related disbursement and the business address of such  
770 individual, (B) the amount and date of each such disbursement and the  
771 identity of the individual to whom such disbursement was made, (C)  
772 the candidate, candidates or ballot issue to which such disbursements  
773 are related, and (D) the identity of any individual who made a  
774 donation in excess of one thousand dollars to the entity for any  
775 campaign-related disbursements made by the entity during the period  
776 such report covers; or (2) provide on the entity's Internet web site a



777 link to the entity's filed disclosure reports under said section 9-612.

778 Sec. 15. Section 9-601 of the general statutes is amended by adding  
779 subdivisions (32) and (33) as follows (*Effective from passage*):

780 (NEW) (32) "Foreign owner" means (A) a foreign national, as  
781 defined in 52 USC 30121(b), as amended from time to time, or (B) an  
782 entity of which a foreign national holds, owns, controls or otherwise  
783 has directly or indirectly acquired beneficial ownership of equity or  
784 voting shares in an amount equal to or greater than fifty per cent of  
785 total equity or outstanding voting shares.

786 (NEW) (33) "Foreign-influenced entity" means any entity of which  
787 (A) one foreign owner holds, owns, controls or otherwise has directly  
788 or indirectly acquired beneficial ownership of equity or voting shares  
789 in an amount equal to or greater than five per cent of total equity or  
790 outstanding voting shares, (B) two or more foreign owners hold, own,  
791 control or otherwise have directly or indirectly acquired beneficial  
792 ownership of equity or voting shares in an amount equal to or greater  
793 than twenty per cent of total equity or outstanding voting shares, or  
794 (C) any foreign owner participates in any way, directly or indirectly, in  
795 the process of making decisions with regard to the political activities of  
796 such entity in the United States, including, but not limited to, the  
797 political activities of such entity during an election in the state or any  
798 town, city, municipality, borough or other unit of local government  
799 within the state.

800 Sec. 16. Subsection (c) of section 9-601d of the general statutes is  
801 repealed and the following is substituted in lieu thereof (*Effective from*  
802 *passage*):

803 (c) The independent expenditure long-form report shall identify: (1)  
804 The name of the person making or obligating to make such  
805 independent expenditure or expenditures; (2) the tax exempt status of  
806 such person, if applicable; (3) the mailing address of such person; (4)  
807 the principal business address of the person, if different from the  
808 mailing address; (5) the address, telephone number and electronic mail

809 address of the agent for service of process in this state of such person;  
810 (6) a certification that, after due inquiry, such person is not a foreign-  
811 influenced entity on the date such independent expenditure or  
812 expenditures were made or obligated to be made, if applicable; (7) the  
813 date of the primary or election for which the independent expenditure  
814 or expenditures were made or obligated to be made; [(7)] (8) the name  
815 of any candidate who was the subject of any independent expenditure  
816 or expenditures and whether the independent expenditure or  
817 expenditures were in support of or in opposition to such candidate;  
818 and [(8)] (9) the name, telephone number and electronic mail address  
819 for the individual filing such report. Such individual filing such report  
820 shall affirm that the expenditure reported is an independent  
821 expenditure under penalty of false statement.

822 Sec. 17. Subsection (a) of section 9-601d of the general statutes is  
823 repealed and the following is substituted in lieu thereof (*Effective from*  
824 *passage*):

825 (a) Any person, as defined in section 9-601, as amended by this act,  
826 may, unless otherwise restricted or prohibited by law, including, but  
827 not limited to, any provision of this chapter or chapter 157, (1) make  
828 unlimited independent expenditures, as defined in section 9-601c, and  
829 (2) accept [unlimited] covered transfers, as defined in said section 9-  
830 601, provided the amount of any such covered transfer or transfers  
831 accepted in any calendar year shall not exceed seventy thousand  
832 dollars in the aggregate. Except as provided pursuant to this section,  
833 any such person who makes or obligates to make an independent  
834 expenditure or expenditures in excess of one thousand dollars, in the  
835 aggregate, shall file statements according to the same schedule and in  
836 the same manner as is required of a treasurer of a candidate committee  
837 pursuant to section 9-608.

838 Sec. 18. Subsection (f) of section 9-601d of the general statutes is  
839 repealed and the following is substituted in lieu thereof (*Effective from*  
840 *passage*):

841 (f) (1) Except as provided in subdivision (2) of this subsection, as

842 part of any statement filed pursuant to this section, if a person who  
843 makes or obligates to make an independent expenditure (A) has  
844 received a covered transfer during the twelve-month period prior to a  
845 primary or election, as applicable to the reported expenditure, for an  
846 office that a candidate described in subdivision (7) of subsection (c) of  
847 this section is seeking, and (B) such independent expenditure is made  
848 or obligated to be made on or after the date that is one hundred eighty  
849 days prior to such primary or election, such person shall disclose the  
850 source and the amount of any such covered transfer such person  
851 received that is in an amount that is five thousand dollars or more, in  
852 the aggregate, during the twelve-month period prior to such primary  
853 or election, as applicable to the reported expenditure.

854 (2) The provisions of subdivision (1) of this subsection shall not  
855 apply to any person who discloses the source and amount of a covered  
856 transfer described in subdivision (1) of this subsection as part of any  
857 report to the Federal Election Commission or the Internal Revenue  
858 Service, provided such person includes a copy of any such report as  
859 part of the report of each applicable independent expenditure  
860 pursuant to this section. If a source and amount of a covered transfer is  
861 not included as part of any such report, the maker of the expenditure  
862 shall disclose the source and amount of such covered transfer pursuant  
863 to subdivision (1) of this subsection, if applicable.

864 (3) A person disclosing any covered transfer such person received,  
865 pursuant to subdivision (1) of this subsection, shall also disclose the  
866 source and the amount of any donation, transfer or payment that is  
867 equal to or greater than one thousand dollars, in the aggregate, of the  
868 funds of such covered transfer.

869 (4) (A) If a person makes a covered transfer to the maker of an  
870 independent expenditure, including one who obligates to make an  
871 independent expenditure, and such person derives all funds of such  
872 covered transfer from a dedicated independent expenditure account  
873 that is segregated from all other accounts controlled by such person,  
874 such person shall provide to such maker of the independent

875 expenditure the source and the amount of each donation, transfer or  
876 payment that is equal to or greater than one thousand dollars, in the  
877 aggregate, to such dedicated independent expenditure account. Such  
878 maker of the independent expenditure shall include the information so  
879 provided under this subdivision with its disclosure of such covered  
880 transfer.

881 (B) If a person makes a covered transfer to the maker of an  
882 independent expenditure, including one who obligates to make an  
883 independent expenditure, and such person derives any funds of such  
884 covered transfer from any source other than a dedicated independent  
885 expenditure account that is segregated from all other accounts  
886 controlled by such person, such person shall provide to such maker of  
887 the independent expenditure the source and the amount of each  
888 donation, transfer or payment to such person that is equal to or greater  
889 than one thousand dollars, in the aggregate, during the twelve-month  
890 period prior to the primary or election, as applicable to the reported  
891 expenditure, for which such independent expenditure is made. Such  
892 maker of the independent expenditure shall include the information so  
893 provided under this subdivision with its disclosure of such covered  
894 transfer.

895 (5) (A) A maker of an independent expenditure, including one who  
896 obligates to make an independent expenditure, shall not accept a  
897 covered transfer unless the information required to be disclosed under  
898 subdivision (3) of this subsection or provided under subdivision (4) of  
899 this subsection is so disclosed or provided.

900 (B) The recipient of a covered transfer shall not knowingly make a  
901 covered transfer to the maker of an independent expenditure,  
902 including one who obligates to make an independent expenditure,  
903 unless the information required to be provided under subdivision (4)  
904 of this subsection is so provided.

905 Sec. 19. Subsections (h) to (j), inclusive, of section 9-621 of the  
906 general statutes are repealed and the following is substituted in lieu  
907 thereof (*Effective from passage*):

908 (h) (1) No person shall make or incur an independent expenditure  
909 for any written, typed or other printed communication, including on a  
910 billboard, or any web-based, written communication, unless such  
911 communication bears upon its face, as a disclaimer, (A) the words  
912 "Paid for by", [and] (B) the name of such person and, if such person is  
913 an entity, the name of such entity's chief executive officer or equivalent  
914 and such entity's principal business address, and (C) the following  
915 statement: "This message was made independent of any candidate or  
916 political party." In the case of a person making or incurring such an  
917 independent expenditure during the ninety-day period immediately  
918 prior to the primary or election for which the independent expenditure  
919 is made, such communication shall also bear upon its face the names of  
920 the five persons who made the five largest aggregate covered transfers  
921 to the person making such communication during the twelve-month  
922 period immediately prior to such primary or election, as applicable.  
923 The communication shall also state that additional information about  
924 the person making such communication may be found on the State  
925 Elections Enforcement Commission's Internet web site.

926 (2) In addition to the requirements of subdivision (1) of this  
927 subsection, and except as provided in this subdivision for an entity, no  
928 person shall make or incur an independent expenditure for a video  
929 broadcast by television, satellite or Internet, unless at the end of such  
930 advertising there appears for a period of not less than four seconds as a  
931 disclaimer, the following as an audio message and a written statement:  
932 "This message was paid for by (person making the communication)  
933 and made independent of any candidate or political party.". If such  
934 person is an entity, there shall simultaneously appear at the end of  
935 such advertising, for a period of not less than four seconds, (A) a  
936 clearly identifiable video, photographic or similar image of such  
937 entity's chief executive officer or equivalent, and (B) a personal audio  
938 message, in the following form: "I am .... (name of entity's chief  
939 executive officer or equivalent), .... (title), of .... (entity). This message  
940 was made independent of any candidate or political party, and I  
941 approved its content." In the case of a person making or incurring  
942 such an independent expenditure during the ninety-day period

943 immediately prior to the primary or election for which the  
944 independent expenditure is made, such communication shall also list  
945 the names of the five persons who made the five largest aggregate  
946 covered transfers to the person making such communication during  
947 the twelve-month period immediately prior to such primary or  
948 election, as applicable. The communication shall also state that  
949 additional information about the person making such communication  
950 may be found on the State Elections Enforcement Commission's  
951 Internet web site.

952 (3) In addition to the requirements of subdivision (1) of this  
953 subsection, and except as provided in this subdivision for an entity, no  
954 person shall make or incur an independent expenditure for an audio  
955 communication broadcast by radio, satellite or Internet, unless the  
956 advertising ends with a disclaimer that is a personal audio statement  
957 by such person's agent or, if such person is an entity, such entity's chief  
958 executive officer or equivalent (A) identifying the person paying for  
959 the expenditure, and (B) indicating that the message was made  
960 independent of any candidate or political party, using the following  
961 form: "I am .... (name of the person's agent), .... (title), of .... (the  
962 person). This message was made independent of any candidate or  
963 political party.". If such person is an entity, the personal audio  
964 statement by such entity's chief executive officer or equivalent shall  
965 use the following form: "I am .... (name of entity's chief executive  
966 officer or equivalent), .... (title), of .... (entity). This message was made  
967 independent of any candidate or political party, and I approved its  
968 content.". In the case of a person making or incurring such an  
969 independent expenditure during the ninety-day period immediately  
970 prior to the primary or election for which the independent expenditure  
971 is made, such communication shall state the names of the five persons  
972 who made the five largest aggregate covered transfers to the person  
973 making such communication during the twelve-month period  
974 immediately prior to such primary or election, as applicable. The  
975 communication shall also state that additional information about the  
976 person making such communication may be found on the State  
977 Elections Enforcement Commission's Internet web site.

978 (4) In addition to the requirements of subdivision (1) of this  
979 subsection, no person shall make or incur an independent expenditure  
980 for telephone calls, unless the narrative of the telephone call identifies  
981 the person making the expenditure and, if such person is an entity,  
982 such entity's chief executive officer or equivalent. In the case of a  
983 person making or incurring such an independent expenditure during  
984 the ninety-day period immediately prior to the primary or election for  
985 which the independent expenditure is made, such communication  
986 shall state the names of the five persons who made the five largest  
987 aggregate covered transfers to the person making such communication  
988 during the twelve-month period immediately prior to such primary or  
989 election, as applicable. The communication shall also state that  
990 additional information about the person making such communication  
991 may be found on the State Elections Enforcement Commission's  
992 Internet web site.

993 (i) In any print, television or social media promotion of a slate of  
994 candidates by a party committee, the party committee shall use  
995 applicable disclaimers pursuant to the provisions of this section for  
996 such promotion, and no individual candidate disclaimers shall be  
997 required.

998 (j) (1) Except as provided in [subdivisions (2) and (3)] subdivision  
999 (2) of this subsection, if any person whose name is included on a  
1000 disclaimer of a communication pursuant to the provisions of this  
1001 section, as a person who made a covered transfer to the maker of the  
1002 communication, is also a recipient of a covered transfer, the maker of  
1003 the communication, as part of any report filed pursuant to section 9-  
1004 601d associated with the making of such communication, shall include  
1005 the names of the five persons who made the top five largest aggregate  
1006 covered transfers to such recipient during the twelve-month period  
1007 immediately prior to the primary or election, as applicable.

1008 [(2) The name of any person who made a covered transfer to a tax-  
1009 exempt organization recognized under Section 501(c)(4) of the Internal  
1010 Revenue Code of 1986, or any subsequent corresponding internal

1011 revenue code of the United States, as amended from time to time, that  
 1012 has not had its tax exempt status revoked, shall not be disclosed  
 1013 pursuant to the provisions of subdivision (1) of this subsection.]

1014 [(3)] (2) The name of any person who made a covered transfer to a  
 1015 person whose name is included on a disclaimer pursuant to the  
 1016 provisions of this section shall not be disclosed pursuant to the  
 1017 provisions of subdivision (1) of this subsection if the recipient of such  
 1018 covered transfer accepts covered transfers from at least one hundred  
 1019 different sources, provided no such source accounts for ten per cent or  
 1020 more of the total amount of covered transfers accepted by the recipient  
 1021 during the twelve-month period immediately prior to the primary or  
 1022 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>	9-601c
Sec. 4	<i>from passage</i>	9-607(g)(1)
Sec. 5	<i>from passage</i>	9-608(c)
Sec. 6	<i>from passage</i>	9-608(e)(1)(C)
Sec. 7	<i>from passage</i>	9-612(a)
Sec. 8	<i>from passage</i>	9-613
Sec. 9	<i>from passage</i>	9-614
Sec. 10	<i>from passage</i>	9-615
Sec. 11	<i>from passage</i>	9-618(a)
Sec. 12	<i>from passage</i>	9-619(a)
Sec. 13	<i>from passage</i>	9-620
Sec. 14	<i>from passage</i>	New section
Sec. 15	<i>from passage</i>	9-601
Sec. 16	<i>from passage</i>	9-601d(c)
Sec. 17	<i>from passage</i>	9-601d(a)
Sec. 18	<i>from passage</i>	9-601d(f)
Sec. 19	<i>from passage</i>	9-621(h) to (j)

**Statement of Legislative Commissioners:**

In Section 3(c)(3), "who" was changed to "which other person" for clarity; in Section 3(d), "candidate of committee" was changed to



"candidate or committee" for accuracy; in Section 5(c)(4), "which certification" was changed to "which statement" for consistency; in Section 12(a)(1), "provided no such" was changed to "[provided] except that no such" for accuracy; in Section 13(d), "Notwithstanding this section" was changed to "Notwithstanding any other provision of this section" for clarity; in Section 14(a), "such expenditures" was changed to "such disbursements" for consistency; in Section 14(b), "candidate or candidates or ballot issue" was changed to "candidate, candidates or ballot issue" for clarity; in Section 18(f), subdivisions (4), (5) and (6) were redesignated as subdivisions (4)(A), (4)(B) and (5), respectively, for proper form; and minor technical and conforming changes were made throughout.

**GAE**      *Joint Favorable Subst. -LCO*

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.

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**OFA Fiscal Note****State Impact:** None**Municipal Impact:** None**Explanation**

The bill modifies laws affecting campaign finance and elections. The bill (1) prohibits any person from accepting covered transfers greater than \$70,000, in the aggregate, in a calendar year and expands disclosure requirements for these types of transfers, (2) prohibits campaign-related disbursements of more than \$4,000 without pre-authorization from the governing boards, (3) prohibits foreign-influenced entities from making covered transfers or independent expenditures (IEs), and (4) expands political advertising disclaimer requirements. Violators of the bill are subject to the State Election Enforcement Commission's (SEEC) enforcement authority.

There is no fiscal impact as SEEC has the necessary expertise to manage the bill's modifications to campaign finance and election laws.

**The Out Years****State Impact:** None**Municipal Impact:** None

**OLR Bill Analysis****HB 5589*****AN ACT CONCERNING CAMPAIGN FINANCE REFORM.*****SUMMARY**

This bill modifies laws affecting campaign finance and elections. Principally, it:

1. creates a category of spenders called “coordinated spenders” and defines their expenditures as contributions subject to campaign finance reporting and limits;
2. codifies “independent expenditure political committees” as a type of political committee (known as a PAC) and requires them to register with the State Elections Enforcement Commission (SEEC);
3. prohibits any person from accepting covered transfers of more than \$70,000, in the aggregate, during a calendar year;
4. expands covered transfer disclosure requirements;
5. requires the governing boards of certain Connecticut entities to vote to pre-authorize campaign-related disbursements of more than \$4,000;
6. prohibits foreign-influenced entities from making covered transfers or IEs; and
7. expands political advertising disclaimer requirements for entities, generally, to include messaging from the chief executive officer or equivalent.

Violators of the bill’s provisions are subject to SEEC’s enforcement

authority. Among other things, SEEC may levy civil penalties or refer matters to the chief state's attorney.

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

EFFECTIVE DATE: Upon passage

### **§ 3 — INDEPENDENT AND COORDINATED EXPENDITURES**

Existing law authorizes persons (including individuals, entities, and committees) to make unlimited IEs. 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.

#### ***Definitions***

Current law 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. The bill expands the definition to include agents of the above-listed committees. It also specifies that the expenditure qualifies as an IE when it is made entirely without consent, coordination, or consultation.

The bill specifies that with respect to IEs and coordinated spenders,

“candidate” includes any person who, during an election cycle, later becomes a candidate and who benefits from an expenditure (1) made by a coordinated spender or (2) that is not an IE.

The bill defines “election cycle,” with respect to an office to which an individual 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 regular election (for that office) that immediately follows.

“Member of the family” means the (1) candidate’s spouse; (2) sibling, parent, child, grandparent, grandchild, aunt, or uncle of the candidate or the candidate’s spouse; or (3) spouse or child of any of these individuals.

### ***Coordinated Spenders***

Under the bill, expenditures by coordinated spenders are deemed to be made with the consent, coordination, or consultation of a candidate, committee, or agent of a candidate or committee. By law, “committee” means a candidate or party committee, or a PAC.

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.

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

1. directly or indirectly formed, controlled, or established in an election cycle or the one immediately preceding it, by, at the request or suggestion of, or with the encouragement or approval of, the candidate, committee, or agent of the candidate or committee;
2. established, directed, or managed by any other person who,

- during an election cycle, (a) served 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. who is a candidate's family member or who is established, directed, or managed by a candidate's family member;
  4. that has had, or whose officer or agent has had, more than incidental discussion with a candidate's family member about the candidate's, committee's, or person's campaign advertising, message, strategy, policy, polling, fundraising, campaign operations, or resource allocation; or
  5. 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 listed above. 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 election cycle, makes IEs, contributions, or covered transfers benefitting the candidate or committee.

The bill also specifies that a payment is not considered made by a person with the consent, coordination, or consultation of, or at the request or suggestion of, a candidate or committee solely on the grounds that the person or person's agent engaged a candidate, committee, or agent of a candidate or committee in discussion about the person's position on a legislative or policy matter. 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.

**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 three 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**

<b>Current Law</b>	<b>The Bill</b>
Expenditures made by a person in cooperation, consultation, or concert with; at the request, suggestion, or direction of; or pursuant to a general or particular understanding with a candidate, candidate committee, party committee, PAC, or consultant or agent of a candidate or any such committee	Applies instead to expenditures made by a person pursuant to a general or tacit understanding with a candidate, candidate committee, party committee, PAC, or consultant or agent of a candidate or any such committee
Expenditures made by an individual who, during an election cycle, serves 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 1 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 an election cycle or the one preceding it, rather than the 18-month period preceding the expenditure
N/A	Expenditures made by any person directly or indirectly formed, controlled, or established in an election cycle or the one immediately preceding it, 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

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, 4 & 6-13 — 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 make only (1) IEs and (2) contributions to other IE-only PACs.

The bill makes several conforming changes, including specifying that (1) individuals, business entities, and labor unions may make contributions to IE-only PACs and (2) various types of IE-only PACs, such as those formed for a single election or primary, are prohibited from making contributions, other than to other IE-only PACs (see BACKGROUND). It also establishes disclosure requirements for these PACs (see COVERED TRANSFERS below).

#### ***Lawful Purposes (§ 4)***

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, candidate committee, party committee, PAC (other than an IE-only PAC), or agent of such a candidate or committee.



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**Surplus Distributions (§ 6)**

By law, candidate committees and PACs, other than exploratory committees or PACs organized for ongoing political activities, 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, other than those formed for ongoing activities. 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.

**§§ 5, 17 & 18 — COVERED TRANSFERS**

By law, a person must disclose information about IEs it makes that exceed \$1,000 in the aggregate. Among other things, the person must disclose the source and amount of any covered transfer of \$5,000 or more, in the aggregate, it received during the 12 months before the applicable primary or election if the IE (for which the report is being filed) is made or obligated to be made 180 or fewer days before the primary or election.

The bill (1) expands the covered transfer-related information that IE-makers must disclose and (2) limits the amount of covered transfers a person may accept.

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 (CGS § 9-601(29)). A “person” is an individual, committee, firm, partnership, organization, association, syndicate, company trust, corporation, limited liability company, or any other legal entity (other than the state or its political or administrative subdivisions) (CGS § 9-601(10)).

**Limit on Acceptance (§ 17)**

The bill prohibits any person from accepting covered transfers of

more than \$70,000 in the aggregate during a calendar year. Under current law, a person may accept unlimited covered transfers. (It appears that limiting covered transfers may conflict with recent federal court decisions (see BACKGROUND).)

***Disclosures by Persons Making IEs (§ 18)***

Under existing law, persons must disclose information about IEs they make that exceed \$1,000 in the aggregate using SEEC's long- and short-form reports (see BACKGROUND), including information about covered transfers, as described above. Under the bill, the IE-maker must obtain and disclose additional information about the money funding any such covered transfer.

Specifically, the bill requires IE-makers to disclose the source and amount of any donation, transfer, or payment of \$1,000 or more, in the aggregate, that funded a covered transfer it reports to SEEC in a long- or short-form report, as described below.

***Dedicated Accounts.*** A person that makes a covered transfer to an IE-maker from a dedicated and segregated IE-expenditure account must provide the source and amount of each donation, transfer, or payment of \$1,000 or more, in the aggregate, to the account. The IE-maker (including one who obligates to make an IE) must include the information with its covered transfer disclosure.

***Other Accounts.*** A person that makes a covered transfer from a source other than a dedicated IE-expenditure account must provide the source and amount of each donation, transfer, or payment of \$1,000 or more, in the aggregate, to the person during the 12 months before the primary or election, whichever applies, for which the IE is made. The IE-maker (including one who obligates to make an IE) must include the information with its covered transfer disclosure.

In addition to these requirements, the bill prohibits (1) covered transfer recipients from knowingly making a covered transfer to an IE-maker without disclosing the information described above and (2) IE-makers from accepting a covered transfer unless such information is

disclosed.

***Disclosures by IE-Only PACs (§ 5)***

Under the bill, an IE-only PAC must include additional information in its campaign finance statements if any of its contributors are recipients of covered transfers of \$25,000 or more in the aggregate per calendar year. (The requirement appears to apply to any previous calendar year.) Specifically, it must include the names of the persons that made the top-five largest aggregate covered transfers to any such contributor during the 12-month period immediately preceding the primary, election, or referendum.

Similarly, each contributor must provide the IE-only PAC with a statement, signed under penalty of false statement, if the contributor (1) receives any covered transfer and (2) makes contributions to an IE-only PAC that separately, or in the aggregate, exceed \$25,000 per calendar year.

The statement must certify:

1. if the contributor is a human being, the name of his or her employer or employers, if any;
2. whether the contributor is a client or communicator lobbyist, or an immediate family member of one, under the State Code of Ethics;
3. that the contributor is not prohibited from making a contribution to the IE-only PAC; and
4. if the contributor is not a human being, the names of the five persons that made the top-five largest aggregate covered transfers to it during the 12-month period immediately preceding the applicable primary, election, or referendum.

The bill requires SEEC to prepare a sample form for the above certification and make it available to treasurers and contributors. The sample form must explain the term "covered transfer." IE-only PACs

must include the sample form's information in any written solicitation they conduct.

A treasurer who receives a contribution without the certification must (1) send a request for the certification, within three business days after receiving the contribution, to the contributor by certified mail, return receipt requested and (2) refrain from depositing the contribution until obtaining the certification. If the contributor still does not provide the certification, the treasurer must return the contribution at the end of the reporting period in which it was received or within 14 days after the treasurer's written request, whichever is later.

The bill provides treasurers a complete defense to any action taken against them, including an investigation by SEEC, concerning a contribution they deposit based on a signed certification that is later determined to be false.

#### **§ 14-16 & 19 — ENTITIES**

The bill makes various changes affecting "entities," which, by law, are organizations, profit and nonprofit corporations, cooperative associations, limited partnerships, professional associations, limited liability companies and partnerships, 501(c) tax-exempt organizations, and 527 tax-exempt political organizations (CGS § 9-601(19)).

#### ***Board Authorizations for Campaign-Related Disbursements (§ 14)***

The bill requires the governing board, if any, of an entity incorporated, organized, or operating in Connecticut to vote to pre-authorize each campaign-related disbursement it makes of more than \$4,000. The bill does not define "campaign-related disbursement."

Prior to the vote, the board must be informed of the money's specific use, including whether it may be used for an IE to target or benefit a candidate. No later than 48 hours after the vote, the entity must (1) publicly disclose on its website individual board members' votes and details on the expenditure and (2) electronically file a disclosure report with SEEC. (The bill contains an incorrect internal reference and thus,

it is unclear which reporting requirements apply.)

After making or obligating to make an IE, the entity must do at least one of the following:

1. include in any periodic financial or activity report to its shareholders, members, or donors the (a) identity of the individual making any campaign-related disbursement and his or her business address; (b) disbursement's amount, date, and recipient; (c) candidates or ballot issues to which the disbursement is related; and (d) identity of individuals who donated over \$1,000 to the entity for campaign-related disbursements during the period that the report covers or
2. provide a link on its website to the disclosure reports it has filed with SEEC.

***Foreign-Influenced Entities (§§ 8, 15 & 16)***

Federal law generally prohibits foreign nationals from making contributions, donations, or IEs in connection with federal, state, or local elections (see BACKGROUND). The bill additionally prohibits foreign-influenced entities from making covered transfers or IEs. It makes a conforming change by requiring persons that make IEs to certify, after due inquiry, in the long-form campaign finance reports they submit to SEEC that they are not foreign-influenced business entities as of the date they made or obligated to make the IE (see BACKGROUND).

Under the bill, a "foreign-influenced entity" means an entity that:

1. one foreign owner holds, owns, controls, or has directly or indirectly acquired beneficial ownership of equity or voting shares of at least 5% of the total equity or outstanding voting shares;
2. two or more foreign owners hold, own, control, or have directly or indirectly acquired beneficial ownership of equity or voting

shares of at least 20% of the total equity or outstanding voting shares; or

3. any foreign owner participates in any way, directly or indirectly, in the process of making decisions with regard to the entity’s political activities in the United States, including its political activities during an election in the state or any town, city, municipality, borough or other local government unit within the state.

A “foreign owner” is a (1) foreign national, as defined in federal law, or (2) business entity of which a foreign national holds, owns, controls, or otherwise has directly or indirectly acquired beneficial ownership of equity or voting shares of at least 50% of the total equity or outstanding voting shares (see BACKGROUND).

**Political Advertising (§ 19)**

By law, printed, video, and audio political advertisements must include certain attributions, known as “disclaimers.” Among other things, they must identify the person making the expenditure and indicate that additional information is available on SEEC’s website. For IEs made during the 90 days before a primary or election, they must disclose names of the five persons that made the five largest aggregate covered transfers to the person making the communication during the 12 months immediately preceding the applicable primary or election.

The bill expands the disclaimer requirements for entities, as shown in Table 3.

**Table 3: Expanded Disclaimer Requirements for IEs by Entities**

<b>Type of Advertisement for Which IE Is Made</b>	<b>New Information Required Under the Bill</b>
Written communication, including one that is typed, on a billboard, printed, or web-based	The name of the entity’s chief executive officer, or equivalent, and principal business address
Video advertising broadcast by television, Internet, or satellite	The end of the advertisement must air, for at least four seconds, (1) a clearly identifiable video, photographic, or similar image of the chief executive officer or equivalent and (2) the

	following personal audio message: "I am... (name of entity's chief executive officer or equivalent), ... (title) of ... (entity). This message was made independent of any candidate or political party, and I approved its content."
Audio advertising broadcast by radio, Internet, or satellite	The end of the advertisement must air the following personal audio message: "I am... (name of entity's chief executive officer or equivalent), ... (title) of ... (entity). This message was made independent of any candidate or political party, and I approved its content."
Telephone calls (including Robo calls)	The narrative of the telephone call must identify the entity's chief executive officer or equivalent.

The bill also eliminates a provision in current law prohibiting disclaimers from 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.

## BACKGROUND

### *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.

### *Limit on Covered Transfers*

In *New York Progress and Protection PAC (NYPPP) v. Walsh, et al.*, 733 F.3d 483 (2013), the Second Circuit Court of Appeals found that a New York law limiting political contributions to an independent expenditure political committee violated NYPPP's First Amendment right to political speech. Relying on several other circuit court decisions, the court stated that because the government has no anti-corruption interest in limiting independent expenditures, it follows that "a donor to an independent expenditure committee such as NYPPP is even further removed from political candidates and may not be limited in his ability to contribute to such committees."

**IE Reporting**

By law, persons must disclose information about IEs they make that exceed \$1,000 in the aggregate. 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.

**“Foreign Nationals” and Related Federal Law**

**Foreign Nationals.** Federal law defines a “foreign national” as any of the following:

1. a government of a foreign country and a foreign political party;
2. a person outside of the United States, unless it is established that the person is (a) an individual and a U.S. citizen domiciled within the United States or (b) not an individual, has its principal place of business in the United States, and is organized under, or created by, the United States, a state, or other place subject to U.S. jurisdiction;
3. a partnership, association, corporation, organization, or other combination of persons organized under the laws of, or having its principal place of business in, a foreign country; or
4. an individual who is not a U.S. citizen or national, and who is not lawfully admitted for permanent residence (52 U.S.C. § 30121 and 22 U.S.C. § 611(b)).

**Prohibited Activities.** Federal law prohibits a foreign national from, among other things, directly or indirectly making:

1. in connection with a federal, state, or local election, a contribution or donation of money or anything of value; an express or implied promise to make a contribution or donation; or an expenditure or



IE or

2. a contribution or donation to a federal, state, or local political party's committee.

It similarly prohibits a person from soliciting, accepting, or receiving any contribution or donation described above from a foreign national (52 U.S.C. § 30121 and 11 C.F.R. § 110.20).

**Related Bills**

SB 582, reported favorably by the House Government Administration and Elections (GAE) Committee, contains the same provisions on foreign-influenced entities (except that it uses the term "foreign-influenced business entities") and covered transfers of more than \$70,000.

sSB 934, reported favorably by the GAE Committee, also modifies campaign finance laws and contains provisions expanding political advertising disclosure requirements.

**COMMITTEE ACTION**

Government Administration and Elections Committee

Joint Favorable

Yea 9      Nay 8      (03/27/2017)