OLR Bill Analysis
sHB 7210

AN ACT CONCERNING CAMPAIGN CONSULTANTS, COORDINATION AND USE OF FUNDS UNDER THE CITIZENS’ ELECTION PROGRAM.

SUMMARY

By law, treasurers of party committees, candidate committees, and political committees (known as PACs) may pay consultants or other professional persons for campaign or committee services. This bill defines “consultant” and “subvendor” for campaign finance purposes and establishes registration, reporting, and record keeping requirements for them.

Principally, the bill does the following:

1. requires consultants to provide detailed accountings of their expenditures, including to subvendors, to committees or persons on whose behalf they make payments;

2. requires committees and persons that make or obligate to make payments for expenditures to consultants to submit additional information in their campaign finance disclosure statements or independent expenditure (IE) reports, as applicable;

3. requires consultants to maintain, for at least four years, detailed records of certain expenditures transactions;

4. prohibits a financial obligation from being made or incurred on behalf of a committee unless authorized by the treasurer;

5. requires consultants and other professionals that work with candidates participating in the Citizens’ Election Program (CEP) to register with the State Elections Enforcement Commission (SEEC) under certain conditions; and
6. establishes three additional illegal campaign finance practices.

The bill also makes technical changes.

EFFECTIVE DATE: Upon passage

DEFINITIONS

The bill defines "consultant" as a person (1) that provides campaign strategy; design or management of campaign communications, literature, or advertising; or fundraising or management services, or (2) with duties that include identifying, hiring, or paying subvendors for goods or services on behalf of a committee or person required to file a campaign finance disclosure statement or IE report (hereafter “required filer”).

"Subvendor" means a person that (1) provides goods or services to a consultant or (2) contracts with a consultant or other subvendor to provide goods or services to a required filer. It does not include a consultant’s employee who has been employed by the consultant for at least three consecutive months prior to any month when a person or committee must file a report that accounts for an expenditure to the consultant or one of his or her subvendors.

REPORTING

Consultants

The bill establishes reporting requirements for consultants that (1) receive or agree to receive at least $2,500 in the aggregate and (2) make or obligate to make expenditures, including payments to subvendors, on behalf of a required filer. Under existing law and the bill, consultants may work on behalf of party committees, candidate committees, and PACs.

Specifically, no later than five days after making or obligating to make an expenditure that exceeds $500 in the aggregate in a calendar year to a subvendor, the consultant must provide the person or committee with detailed accounting of the expenditure. If a consultant makes or obligates to make a payment for an expenditure that requires a committee or person to file a campaign finance disclosure statement
or IE report, the consultant must, at the same time, provide that person or committee with all the information necessary to file the statement or report.

The detailed account must include the following information:

1. expenditure’s amount and date, and the name of the person who received the payment;
2. subvendor’s full name and street address;
3. description of the payment’s purpose;
4. name of any candidate, or text of any referendum question, the expenditure supports or opposes; and
5. date of any event associated with the payment.

The bill specifies that expenditures triggering this reporting requirement include those made, directly or indirectly, to a subvendor for:

1. a written, typed, or other printed communication, or any web-based written communication, that (a) promotes the success or defeat of a candidate's campaign for nomination or election, or any referendum question, or (b) solicits funds to benefit any candidate or committee;
2. advertising time or space, including television or Internet video, radio or Internet audio, telephone call, or web-based or social media communication;
3. wages incurred as a result of work for any candidate or committee;
4. survey, poll, signature gathering, or door-to-door voter solicitation;
5. facilities, invitations, or entertainment for fundraising or other campaign events; or
6. printing of, or postage for, mass campaign mailings.

The bill prohibits a consultant from making an expenditure that exceeds the $500 threshold without providing all of the required information to the applicable committee or person. The prohibition does not apply to overhead or normal operating expenses.

Subvendors

Under the bill, a subvendor is deemed a consultant if it makes the types of payments described above, including payments to other subvendors. At that point, it must comply with the bill’s reporting and record-keeping requirements.

Persons and Committees that Pay Consultants

Under the bill, if a committee or person makes or obligates payments for an expenditure to a consultant that is subject to the above reporting requirements, the committee or person must submit additional information in the campaign finance disclosure statements or IE reports it files with SEEC or a town clerk, as applicable. Specifically, these statements and IE reports must include all of the information that the bill requires the consultant to provide to the committee or person (see above). The committee or person must also include any other information SEEC requires to facilitate compliance with state campaign finance laws.

MAINTAINING RECORDS

The bill requires consultants, including subvendors deemed consultants under the bill, to keep detailed accounts of each expenditure made or obligated on behalf of a required filer. They must also keep, for at least four years, records of each transaction required to be included in such a statement or report.

These records must include any invoice, receipt, bill, statement, itinerary, or other written or documentary evidence demonstrating the expenditure’s campaign or other lawful purpose.

APPROVING FINANCIAL OBLIGATIONS
Generally, under existing law, a committee cannot incur a financial obligation unless authorized by its treasurer (CGS § 9-607). The bill additionally prohibits a financial obligation from being made or incurred on behalf of a committee unless authorized by the treasurer. Thus, under the bill, it appears that treasurers must approve financial obligations incurred by consultants or subvendors on behalf of the committee.

CONSULTANTS AND CEP CANDIDATE COMMITTEES

Under the bill, if a participating candidate’s treasurer spends 15% or more, in the aggregate, of the candidate committee’s Citizens’ Election Fund grants on a consultant’s or other professional’s campaign or committee services, that person must register with SEEC by filing an affidavit. The affidavit must certify in writing the consultant’s or professional’s intent to abide by the CEP’s spending limits. Generally, by law, a participating candidate’s committee must limit its spending to (1) prescribed amounts of qualifying contributions and candidate’s personal funds and (2) grants received under the program.

Under the bill, the registration applies to the candidate committee with which the consultant or professional works. SEEC must prepare and make publicly available a list of each registered consultant or other professional for each participating CEP candidate.

By law, the CEP is the state's voluntary public campaign financing system. Participating legislative and statewide office candidates are eligible to receive state grants to fund their campaigns if they (1) receive qualifying contributions; (2) agree to abide by the spending limits; and (3) comply with other requirements, including for documenting and reporting expenditures.

ILLEGAL PRACTICES

The bill establishes three additional illegal campaign finance practices. By law, those who knowingly and willfully commit an illegal practice are guilty of a class D felony, punishable by imprisonment of up to five years, a fine of up to $5,000, or both (CGS § 9-623).
Under the bill, the following are guilty of an illegal practice:

1. a consultant that fails to provide complete information to a committee or person so that it may file any required campaign finance disclosure statement or IE report;

2. a consultant that, except for overhead or normal operating expenses, makes or obligates to make an expenditure, or directly or indirectly authorizes a subvendor to make or obligate to make an expenditure, on behalf of a candidate, PAC, or other person without their knowledge; or

3. a person that structures, assists in structuring, or attempts to structure or assist in structuring, a solicitation, contribution, expenditure, disbursement, or other transaction in order to evade state campaign finance laws.

BACKGROUND

Related Bill

sHB 5823, reported favorably by the Government Administration and Elections Committee, also requires consultants and other professionals that work with participating CEP candidates to register with SEEC.

HB 7329, reported favorably by the Government Administration and Elections Committee, also makes it an illegal practice to structure, assist in structuring, or attempt to structure or assist in structuring, a solicitation, contribution, expenditure, disbursement, or other transaction in order to evade state campaign finance laws.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute
Yea 16 Nay 0 (03/29/2019)