
OLR Bill Analysis

HB 5455

AN ACT CONCERNING CAMPAIGN CONSULTANTS AND DISCLOSURE.

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 their registration, reporting, and record-keeping requirements.

Principally, the bill does the following:

1. requires consultants to provide a detailed accounting of their expenditures 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 detailed records of certain expenditures for at least four years;
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 two additional illegal campaign finance practices.

EFFECTIVE DATE: Upon passage

DEFINITIONS

Consultant

The bill defines "consultant" as a person:

1. that provides (a) campaign strategy; (b) design or management of campaign communications, literature, or advertising; or (c) 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 ("required filer").

Subvendor

"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 for at least three consecutive months prior to any month when an expenditure report must be filed for the consultant or one of his or her subvendors.

Under the bill, a subvendor may be deemed a consultant if they make reportable payments, including payments to other subvendors. At that point, they must comply with the bill's reporting and record-keeping requirements.

REPORTING

Consultants

The bill establishes reporting requirements for consultants that (1) agree to receive payment from a candidate or committee 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, the consultant must provide the person or committee with a 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 the applicable person or committee with all the information needed to file the statement or report. This includes the:

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

For an event, the bill requires consultants to report direct or indirect expenditures to a subvendor for:

1. 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 or postage for mass campaign mailings.

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

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, they must include all of the information that the bill requires the consultant to provide (see above) in their campaign finance disclosure statements or IE reports to SEEC. 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, to keep detailed information on each expenditure made or obligated on behalf of a required filer. For at least four years, they must also keep records of each transaction required to be included in such a statement or report.

These records include any invoice, receipt, bill, statement, itinerary, or other written or documentary evidence demonstrating the expenditure was for the campaign or another 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 state's campaign finance laws and CEP requirements and maintain and furnish required records. SEEC must prepare and make publicly available a list of each registered consultant or other professional for participating CEP candidates.

ILLEGAL PRACTICES

The bill establishes two 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 required filer so that they may file any required campaign finance disclosure statement or IE report; or
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.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 16 Nay 2 (03/29/2022)