



House of Representatives

General Assembly

File No. 419

February Session, 2022

Substitute House Bill No. 5455

House of Representatives, April 12, 2022

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 CONSULTANTS AND DISCLOSURE.

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

1 Section 1. Section 9-601 of the 2022 supplement to the general statutes
2 is amended by adding subdivisions (33) and (34) as follows (*Effective*
3 *from passage*):

4 (NEW) (33) "Consultant" means any person (A) that provides (i)
5 campaign strategy, (ii) design or management of campaign
6 communications, literature or advertising, or (iii) campaign fundraising
7 or management services, or (B) with duties that include identifying,
8 hiring or paying subvendors for goods or services on behalf of a person
9 or committee required to file a report or statement pursuant to section
10 9-601d or 9-608, as applicable.

11 (NEW) (34) (A) "Subvendor" means any person that provides goods
12 or services to a consultant or that contracts with a consultant or other
13 subvendor to provide goods or services to a person or committee
14 required to file a report or statement pursuant to section 9-601d or 9-608,

15 as applicable.

16 (B) "Subvendor" does not include a person who is an employee of a
17 consultant if such person has been an employee of such consultant for
18 three or more consecutive months prior to any month in which a person
19 or committee is required to file a report or statement accounting for any
20 expenditure to such consultant or any subvendor for such consultant.

21 Sec. 2. Section 9-622 of the general statutes is repealed and the
22 following is substituted in lieu thereof (*Effective from passage*):

23 The following persons shall be guilty of illegal practices and shall be
24 punished in accordance with the provisions of section 9-623:

25 (1) Any person who, directly or indirectly, individually or by another
26 person, gives or offers or promises to any person any money, gift,
27 advantage, preferment, entertainment, aid, emolument or other
28 valuable thing for the purpose of inducing or procuring any person to
29 sign a nominating, primary or referendum petition or to vote or refrain
30 from voting for or against any person or for or against any measure at
31 any election, caucus, convention, primary or referendum;

32 (2) Any person who, directly or indirectly, receives, accepts, requests
33 or solicits from any person, committee, association, organization or
34 corporation, any money, gift, advantage, preferment, aid, emolument or
35 other valuable thing for the purpose of inducing or procuring any
36 person to sign a nominating, primary or referendum petition or to vote
37 or refrain from voting for or against any person or for or against any
38 measure at any such election, caucus, primary or referendum;

39 (3) Any person who, in consideration of any money, gift, advantage,
40 preferment, aid, emolument or other valuable thing paid, received,
41 accepted or promised to the person's advantage or any other person's
42 advantage, votes or refrains from voting for or against any person or for
43 or against any measure at any such election, caucus, primary or
44 referendum;

45 (4) Any person who solicits from any candidate any money, gift,

46 contribution, emolument or other valuable thing for the purpose of
47 using the same for the support, assistance, benefit or expenses of any
48 club, company or organization, or for the purpose of defraying the cost
49 or expenses of any political campaign, primary, referendum or election;

50 (5) Any person who, directly or indirectly, pays, gives, contributes or
51 promises any money or other valuable thing to defray or towards
52 defraying the cost or expenses of any campaign, primary, referendum
53 or election to any person, committee, company, club, organization or
54 association, other than to a treasurer, except that this subdivision shall
55 not apply to any expenses for postage, telegrams, telephoning,
56 stationery, express charges, traveling, meals, lodging or photocopying
57 incurred by any candidate for office or for nomination to office, so far as
58 may be permitted under the provisions of this chapter;

59 (6) Any person who, in order to secure or promote the person's own
60 nomination or election as a candidate, or that of any other person,
61 directly or indirectly, promises to appoint, or promises to secure or
62 assist in securing the appointment, nomination or election of any other
63 person to any public position, or to any position of honor, trust or
64 emolument; but any person may publicly announce the person's own
65 choice or purpose in relation to any appointment, nomination or
66 election in which the person may be called to take part, if the person is
67 nominated for or elected to such office;

68 (7) Any person who, directly or indirectly, individually or through
69 another person, makes a payment or promise of payment to a treasurer
70 in a name other than the person's own, and any treasurer who
71 knowingly receives a payment or promise of payment, or enters or
72 causes the same to be entered in the person's accounts in any other name
73 than that of the person by whom such payment or promise of payment
74 is made;

75 (8) Any person who knowingly and wilfully violates any provision
76 of this chapter;

77 (9) Any person who offers or receives a cash contribution in excess of

78 one hundred dollars to promote the success or defeat of any political
79 party, candidate or referendum question;

80 (10) Any person who solicits, makes or receives a contribution that is
81 otherwise prohibited by any provision of this chapter;

82 (11) Any department head or deputy department head of a state
83 department who solicits a contribution on behalf of, or for the benefit of,
84 any candidate for state, district or municipal office or any political party;

85 (12) Any municipal employee who solicits a contribution on behalf
86 of, or for the benefit of, any candidate for state, district or municipal
87 office, any political committee or any political party, from (A) an
88 individual under the supervision of such employee, or (B) the spouse or
89 a dependent child of such individual;

90 (13) Any person who makes an expenditure, that is not an
91 independent expenditure, for a candidate without the knowledge of
92 such candidate. No candidate shall be civilly or criminally liable with
93 regard to any such expenditure;

94 (14) Any chief of staff of a legislative caucus who solicits a
95 contribution on behalf of or for the benefit of any candidate for state,
96 district or municipal office from an employee of the legislative caucus;

97 (15) Any chief of staff for a state-wide elected official who solicits a
98 contribution on behalf of or for the benefit of any candidate for state,
99 district or municipal office from a member of such official's staff; [or]

100 (16) Any chief of staff for the Governor or Lieutenant Governor who
101 solicits a contribution on behalf of or for the benefit of any candidate for
102 state, district or municipal office from a member of the staff of the
103 Governor or Lieutenant Governor, or from any commissioner or deputy
104 commissioner of any state agency;

105 (17) Any consultant that fails to provide complete information to a
106 person or committee required to file any report or statement pursuant
107 to section 9-601d or 9-608, as applicable, which complete information is

108 necessary for such person or committee to file such report or statement;
109 or

110 (18) Any consultant that (A) except for such consultant's overhead or
111 normal operating expenses, makes or obligates to make an expenditure,
112 or directly or indirectly authorizes any subvendor to make or obligate
113 to make such an expenditure, on behalf of a candidate, committee or
114 other person, and (B) does so without the knowledge of such candidate,
115 committee or other person.

116 Sec. 3. (NEW) (*Effective from passage*) (a) As used in this section,
117 "consultant", "candidate", "committee", "expenditure", "subvendor" and
118 "person" have the same meanings as provided in section 9-601 of the
119 general statutes, as amended by this act.

120 (b) (1) A consultant that receives or agrees to receive payment from a
121 candidate or committee and that makes or obligates to make any
122 expenditure, including any payment, to a subvendor for or on behalf of
123 a person or committee required to file a report or statement pursuant to
124 section 9-601d or 9-608 of the general statutes, as applicable, shall, not
125 later than five days after making or obligating to make such
126 expenditure, provide such person or committee with detailed
127 information of such expenditure, including, but not limited to:

128 (A) The amount and date of such expenditure and the name of the
129 individual who received such payment;

130 (B) The full name and street address of such subvendor;

131 (C) A description of the purpose of such payment;

132 (D) The name of any candidate or text of any referendum question
133 supported or opposed by such expenditure; and

134 (E) If applicable, the date of any event with which such payment is
135 associated, including, but not limited to, any expenditure directly or
136 indirectly made by a consultant to a subvendor for such event for any
137 (i) written, typed or other printed communication, or any web-based

138 written communication, that (I) promotes the success or defeat of any
139 candidate's campaign for nomination or election or any referendum
140 question, or (II) solicits funds to benefit any candidate or committee, (ii)
141 advertising time or space, including, but not limited to, television or
142 Internet video, radio or Internet audio, telephone call or web-based or
143 social media communication, (iii) wages incurred as a result of work for
144 any candidate or committee, (iv) survey, poll, signature gathering or
145 door-to-door solicitation of voters, (v) facilities, invitations or
146 entertainment for fundraising or other campaign events, or (vi) printing
147 of mass campaign mailings or postage for such mailings.

148 (2) Notwithstanding the provisions of subdivision (1) of this
149 subsection, if a consultant makes or obligates to make payment for an
150 expenditure for which a person or committee is required to file a report
151 or statement pursuant to section 9-601d or 9-608 of the general statutes,
152 as applicable, such consultant shall, concomitant with making or
153 obligating to make such payment, provide such person or committee
154 with complete information necessary to file such report or statement.

155 (c) (1) Any person or committee that makes or obligates to make
156 payment for an expenditure to a consultant, which consultant is
157 required to provide such person or committee with the information
158 described in subsection (b) of this section, shall include in any report or
159 statement required to be filed by such person or committee pursuant to
160 section 9-601d or 9-608 of the general statutes, as applicable, (A) the full
161 name and street address of each subvendor to which payment was made
162 or obligated to be made during the period covered by such filing, (B) the
163 amount and date of such payment, (C) a description of the purpose of
164 such payment, (D) the name of any candidate or text of any referendum
165 question supported or opposed by such expenditure, and (E) if
166 applicable, the date of any event with which such payment is associated.
167 The contents of such report or statement shall include any other
168 information that the State Elections Enforcement Commission may
169 require to facilitate compliance with the provisions of chapters 155 to
170 157, inclusive, of the general statutes, and shall be submitted on a form
171 prescribed by the commission.

172 (2) Except for such consultant's overhead or normal operating
173 expenses, a consultant shall not make any expenditure for or on behalf
174 of a candidate or committee, including, but not limited to, any
175 expenditure described in subdivision (1) of subsection (b) of this section,
176 unless complete information of such expenditure is provided to the
177 person required to file a report or statement pursuant to section 9-601d
178 or 9-608 of the general statutes, as applicable, or the committee on whose
179 behalf or for whose benefit such consultant is acting.

180 (d) Each consultant shall keep detailed information of each
181 expenditure made or obligated to be made for or on behalf of any person
182 or committee required to file a report or statement pursuant to section
183 9-601d or 9-608 of the general statutes, as applicable, and shall retain all
184 records of each transaction required to be included in any report or
185 statement filed pursuant to section 9-601d or 9-608 of the general
186 statutes, as applicable, for a period of four years after the date of the
187 report or statement in which such transaction was included. Such
188 records shall include, but need not be limited to, any invoice, receipt,
189 bill, financial statement, itinerary or other written or documentary
190 evidence showing the campaign or other lawful purpose of such
191 expenditure.

192 (e) If a subvendor makes or obligates to make any payment described
193 in subsection (b) of this section, such subvendor shall be deemed a
194 consultant and shall comply with the requirements set forth in this
195 section for a consultant.

196 (f) Notwithstanding the provisions of subsections (a) to (e), inclusive,
197 of this section, a financial obligation shall not be made or incurred for or
198 on behalf of a committee unless authorized by the treasurer of such
199 committee pursuant to section 9-607 of the general statutes.

200 Sec. 4. (NEW) (*Effective from passage*) If the treasurer of the candidate
201 committee of a participating candidate, as described in section 9-703 of
202 the general statutes, spends or obligates to spend fifteen per cent or
203 more, in the aggregate, of the moneys received from the Citizens'
204 Election Fund on the services of a consultant or other professional

205 person as provided in subparagraph (P) of subdivision (2) of subsection
 206 (g) of section 9-607 of the general statutes, such consultant or
 207 professional person shall register as such with the State Elections
 208 Enforcement Commission for the candidate committee and file an
 209 affidavit with the commission. The affidavit shall include written
 210 certifications that the consultant or professional person intends to (1)
 211 comply with the provisions of chapters 155 and 157 of the general
 212 statutes, (2) maintain and furnish all required records in accordance
 213 with the provisions of said chapters and regulations adopted by the
 214 commission pursuant to said chapters, and (3) expend all moneys for or
 215 on behalf of such candidate committee in accordance with the
 216 provisions of subsection (g) of section 9-607 of the general statutes and
 217 regulations adopted by the commission under subsection (e) of section
 218 9-706 of the general statutes. The commission shall prepare a list of all
 219 consultants or other professional persons for all candidate committees
 220 of participating candidates and shall make such list available for public
 221 inspection. As used in this section, "treasurer", "candidate committee"
 222 and "consultant" have the same meanings as provided in section 9-601
 223 of the general statutes, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	9-601
Sec. 2	<i>from passage</i>	9-622
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In Section 1, "committee or person" was changed to "person or committee" for consistency; in Section 2(17), "committee or person" was changed to "person or committee" for consistency; in Section 3(d), "as amended by this act," was deleted for accuracy; and in Section 4, "of the general statutes" was added for accuracy.

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.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill defines "consultant" and "subvendor" for campaign finance purposes and establishes their registration, reporting, and record-keeping requirements. This is not anticipated to have a fiscal impact to the state or municipalities.

The bill also adds provisions for two additional instances of illegal campaign finance practices and results in potential revenue gain from fines. There have been no fines collected for the current violation in the past 5 years.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to violations.

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)