STATE ELECTIONS ENFORCEMENT COMMISSION

POST-ELECTION AND TERMINATION INFORMATION FOR APRIL 13, 2021 SPECIAL ELECTION

This fact sheet is intended to assist both participating and nonparticipating candidate committees with the termination process, but does not provide legal advice.

It is not intended as a definitive interpretation of either Connecticut campaign finance laws concerning termination as found in Chapters 155 and 157 of the Connecticut General Statutes or the SEEC regulations.

Please contact your Candidate Services Liaison at 860-256-2985 if you have any questions or concerns regarding committee termination or any of the topics discussed.

Post-Election Expenditures

Participating Candidates Who Received Grants

Committees of candidates participating in the Citizens' Election Program ("CEP") which have received grants from the Citizens' Election Fund ("CEF") are **strictly limited** in making post-election expenditures. Such candidates are permitted to make limited expenditures for winding up the campaign, including paying for:

- utility bills, rent and other unpaid liabilities;
- costs for photocopying campaign financial records in preparation for a possible post-election review;
- reasonable moving expenses related to closing campaign office space;
- staffing for a short time after the election for reasonable costs related to winding up the committee;
- "thank you" notes and "thank you" advertising (limited to **$750** for state senator candidates and **$250** for state representative candidates);
- "thank you" parties for committee workers and volunteers provided the cost is limited to $30 per worker or volunteer – if the party is held post-election, it should be within fourteen days and reported using "**SRPLS**" as the purpose of expenditure code;
- a post-election payment of up to $1,000 to the campaign treasurer for services rendered, using "**SRPLS**" as the purpose of expenditure code – a portion of or all of this payment may go to a deputy treasurer as long as the sum given to the treasurer and deputy treasurer in the aggregate does not exceed $1,000 – no one else, including campaign managers, may receive a post-election surplus payment; and
- distribution of your remaining surplus back to the CEF, using "**SRPLS**" as the purpose of expenditure code.

Nonparticipating Candidates and Participating Candidates Who Did Not Receive Grants

Committees of nonparticipating candidates and participating candidates who did not receive CEP grants are subject to statutory requirements concerning surplus distribution as well. Such candidates are permitted to make nominal expenditures for winding up the campaign (as described above), including reasonable expenditures for transition costs and inaugural activities (if elected), as well as for post-election "thank you" notes or events for campaign supporters or workers. While such candidates do not have defined limits on spending for such items like CEP grant recipients do, post-election expenditures must be reasonable.

Obtaining and Keeping Copies of all Records

- Prior to termination, obtain copies of **all** checks written by the committee as well as all checks received as contributions and keep those copies in the committee records. It is best to start this process as early as possible, as banks do not always maintain copies of checks indefinitely and some banks may charge for copies after a certain amount of time has elapsed. These copies are typically available for free up to when the committee closes the bank account.
- Be sure to obtain, if you haven't already, documentation of any secondary payees your consultants or primary payees have paid on your committee's behalf so you may properly report these payments.
- The cost to obtain copies from the campaign's depository or another source is a permissible campaign expenditure.
- The treasurer must keep copies of all committee records for four years after the date the committee files its final disclosure statement. If the candidate prefers to keep these records instead, she may obtain them from the treasurer and assume this recordkeeping responsibility. Candidate committee funds may not be used for storage. Contact your Candidate Services Liaison with any questions about recordkeeping.

Treasurer's Best Practices

- Review all expenditures incurred or obligated to be made, and follow up with the vendors or service providers to make sure the committee pays all outstanding payments before terminating and closing down the bank account.
- Keep contact information for all election day workers and make sure they promptly cash compensation checks.
- Track all outstanding committee checks and urge vendors to cash these promptly. Ensure that you have any security deposits and vendor refunds back prior to closing the bank account and that they are properly reported.

Post-Election Filing and Surplus Distribution Schedule

- Deficit Filing (if applicable) — July 12, 2021
- Committees that did not receive notice of a SEEC Review
  - Final Deadline for Distribution of Surplus — July 12, 2021
  - Final Deadline for Termination Report — July 19, 2021
- Committees that received notice of a SEEC Review*
  - Final Deadline for Distribution of Surplus — August 11, 2021
  - Final Deadline for Termination Report — August 18, 2021

** For both participating and nonparticipating candidates – if selected for a SEEC post-election review, the examination cannot be completed until the bank account has been closed and the committee has terminated.*

Timing of Termination

A candidate committee **cannot** terminate until it has:

(1) paid all expenses previously incurred but not yet paid;

(2) sold equipment purchased by the committee (or distributed, if applicable);

(3) distributed surplus funds (if any) according to the law; and

(4) eliminated deficit (if any) according to the law.

Once a candidate committee has distributed its surplus and zeroed out its bank account, it has seven days to file its termination statement. A committee may file a termination statement on any date. Once a committee has filed its termination statement, it is not required to submit any of the subsequent filings (as listed above) due after that date.

CAUTION: If it appears that any committee check may not clear before the final distribution deadline, call your Candidate Services Liaison to discuss options.

Special Instructions for eCRIS Filers

Participating Candidates and Nonparticipating Candidates

If you will be distributing surplus and filing the termination statement at any time BEFORE the July 19 or August 18 deadlines described above, select "**Termination Report for Candidate and Exploratory Committees (Non-Standard)"** from the Non-Standard Reports menu in eCRIS Reporting Home. Remember you must file a termination statement within seven days of distributing your surplus.

If you were not selected for a post-election review and distribute your surplus on July 12, 2021 and file between July 13, 2021 and July 19, 2021, select **"Termination Filing Special Election Not Selected for Post-Election Review"** from the Standard Reports menu in eCRIS Reporting Home. If you were selected for a post-election review and distribute your surplus on August 11, 2021 and file between August 12, 2021 and August 18, 2021, select **"Termination Filing Special Election Selected for Post-Election Review"** from the Standard Reports menu in eCRIS Reporting Home.

Sale of Committee Equipment

After the election, the law **requires** candidate committees to sell their surplus equipment (e.g. furniture, computers, cameras, fax machines, printers, cell phones) prior to termination. These items must be sold at fair market value and the campaigns should use their best efforts to reasonably estimate this value. Committees can look to the marketplace (by contacting vendors and/or looking to the Internet) to determine the current average cost of the item. The law permits sale of these items to any person, which includes sales to individuals (including the candidate), committees, corporations, partnerships, organizations, or associations. All money earned from selling equipment must then be distributed as surplus, as more fully discussed in the next section.

The candidate committee should keep an internal record of how fair market value was determined as well as a receipt for the sale. Where the transaction is not at arm's length, careful documentation about how the treasurer determined fair market value becomes even more important in a post-election review. The transfer of the items should be reported in **Section S** (Surplus Distribution of Equipment and Furniture) of **SEEC Form 30**, including the recipient's name, a description of the item, and the item's original purchase price. The proceeds from the sale must be reported in **Section I** (Miscellaneous Monetary Receipts not Considered Contributions) of

SEEC Form 30, providing a brief description of each item sold and the original purchase date in the description field. Once the committee distributes the proceeds of the sale as surplus, this would be reported in **Section N** (Expenses Paid by Committee) of **SEEC Form 30**, using "SRPLS" as the purpose of expenditure code.

EXAMPLE: The Committee to Elect John Smith purchased a computer for their campaign headquarters for $1,000. At the end of the campaign, the committee sold the computer through an online auction website to Jane Doe for $700.

1. The original payment for the computer ($1,000) by the Committee to Elect John Smith is recorded in Section N, "Expenses Paid by Committee," at the time of purchase.
2. The sale of the computer is reported in Section S, "Surplus Distribution of Equipment and Furniture," with Jane Doe reported as the recipient and $1,000 as the original purchase price.
3. Jane Doe's payment of $700 is reported in Section I, "Miscellaneous Monetary Receipts not Considered Contributions."
4. The proceeds from the sale of the computer are included in the Committee's surplus distribution checked and reported in Section N, "Expenses Paid by Committee."

Prior campaign assets such as lawn signs and campaign paraphernalia are not considered equipment and may be stored by the candidate or a volunteer for use in future elections. *See* Advisory Opinion 2008-02: *Treatment of Prior Assets Used by Candidate Committee in Current Election Cycle*. The candidate committee may **not** pay to store lawn signs or campaign paraphernalia after the election.

As a general rule a committee does not need to sell items that have a fair market value of less than $50. For instructions on how to treat domain names after the election is over, *see* Advisory Opinion 2010-03: *Treatment of Domain Names*.

In addition to selling equipment and distributing the proceeds as surplus (as more fully discussed in the next section), committees of nonparticipating candidates and participating candidates who did not receive grant monies may also distribute their equipment directly to a 501(c)(3) charitable organization or a 501(c)(19) veterans organization. These transfers would be reported in **Section S** (Surplus Distribution of Equipment and Furniture) of **SEEC Form 30**.

The committee treasurer should keep internal records to document all surplus distribution, including surplus money and surplus equipment.

Distribution of Surplus Funds

Participating Candidates Who Received Grants

Prior to termination, candidates participating in the CEP who have received grant monies must pay all outstanding debts, sell equipment as described above, and **distribute all surplus funds** remaining in their bank accounts, including interest earned, to the **CEF**.

The candidate committee treasurer should write a check payable to the **"CEF"** and indicate on the memo line that the check represents "Distribution of surplus." The check and a simple cover letter (including the committee's name, candidate's name, and treasurer's name) should be sent to: **State Elections Enforcement Commission, 55 Farmington Avenue, 8th Floor, Hartford, CT 06105**.

As noted above: Once a committee has distributed its surplus it has **seven days** to terminate by filing a termination statement using **SEEC Form 30**. This statement must report the distribution of surplus in **Section N (Expenses Paid by Committee)** using the code **SRPLS**. ***Note that the committee account must show a zero balance on the SEEC Form 30 for termination to be effective.***

Keep campaign depository open until all checks, including the final surplus distribution check(s), have cleared.

Nonparticipating Candidates and Participating Candidates Who Did Not Receive Grants

Prior to termination, **nonparticipating candidates** and **participating candidates who did not receive grant monies** must pay all outstanding debts, distribute equipment (as described above) and **distribute all surplus funds** remaining in their bank accounts to either:

(1) the **CEF** (as outlined above); or

(2) **a charitable organization under section 501(c)(3) or a veterans organization under 501(c)(19) of the Internal Revenue Code.**

Please note: A committee is responsible for determining whether an organization is a 501(c)(3) or 501(c)(19) organization prior to distributing any surplus funds to said organization.

As noted above: Once a committee has distributed its surplus and zeroed out its bank account it has **seven days** to terminate by filing a termination statement using **SEEC Form 30**. This statement must report the distribution of surplus in **Section N (Expenses Paid by Committee)** using the code **SRPLS**. Keep campaign depository open until all checks, including the final surplus distribution check(s), have cleared.

Deficits

Participating Candidates

Participating candidates who have received grant monies should not have a deficit after the election.

There is an exception to this principle for **certain minor party and petitioning candidates who received a 1/3 or 2/3 grant**. These candidates are allowed to raise "differential contributions" (i.e. additional qualifying contributions) to make up the difference between the initial grant amount received and the amount of a full special election grant. Such candidates may incur expenditures before having raised such funds, and thus may face a deficit after the election. These candidates have several options: (1) they can raise additional differential contributions in order to pay off the deficit; (2) in some instances, they may qualify for a post-election grant; or (3) they may use the proceeds from the sale of surplus equipment to pay off a deficit. A minor party or petitioning candidate who qualifies for a partial initial grant (i.e. a 1/3 or 2/3 grant) may receive a supplemental post-election grant if the minor party or petitioning candidate receives a greater percentage of votes cast for all candidates for that office than the percentage of votes or signatures such candidate used to qualify for the grant. To receive a post-election grant, such candidate's campaign must be in compliance with all Program requirements, report a deficit in the campaign finance disclosure statement filed after the date of the election, and have documented outstanding expenditures which were made to further the candidate's election.

Nonparticipating Candidates

The committee of a nonparticipating candidate must remain in existence until it eliminates its deficit and may continue to raise funds after the election to do so. In addition to the "paid for by" and "approved by" attributions, any solicitation by written communication for contributions to pay down a deficit must include a statement that the funds sought are to eliminate a deficit.

Please note: Any deficit contributions count towards a contributor's contribution limits and are not subject to a separate limitation. Accordingly, a contributor that has already reached his or her contribution limit during the election cannot contribute to help eliminate your deficit.

The treasurer of a candidate committee with a deficit must file a deficit statement using the SEEC Form 30 by **July 12, 2021** indicating the amount of the deficit and including an itemized accounting of all receipts and expenditures since the committee's last financial statement. After this initial deficit statement, the treasurer is required to file an additional statement on the 7th day of any succeeding month when there is an increase or decrease in the deficit that is greater than $500 from the last filed disclosure statement. The filing deadline for such a supplemental deficit statement is on the 7th day of the next succeeding month.

The treasurer must file a final termination statement using SEEC Form 30 on the **7th day of the next succeeding month** following elimination of the deficit.

For questions about post-election or termination issues, contact your elections officer at (860) 256-2985.