



**STATE OF CONNECTICUT  
STATE ELECTIONS ENFORCEMENT COMMISSION  
20 Trinity Street Hartford, Connecticut 06106—1628**

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**DECLARATORY RULING 2007-01**

**Citizens' Election Program: Loans and Candidate's Personal Funds**

At its Regular Meeting on July 18, 2007, the Commission voted to initiate a declaratory ruling concerning the application of the loan and personal fund provisions of section 9-710 of Connecticut General Statutes.<sup>1</sup>

This declaratory ruling addresses the following issues: (1) whether candidates intending to participate in the Citizens' Election Program (the "Program") may make or otherwise accept loans to their candidate committees; (2) whether candidates intending to participate in the Program may provide personal funds or make qualifying contributions to their candidate committees.

Re: CONN. GEN. STAT. §§ 9-707; 9-710(a), (b), & (c).

***Amount and Sources of Loans Provided to Candidates Intending to Participate in the Program***

Chapter 157 expressly limits the aggregate amount and permissible sources of any loans provided to the candidate committees of candidates intending to participate in the Program to an aggregate of one thousand dollars from financial institutions:

The candidate committee for a candidate who *intends to participate* in the Citizens' Election Program may borrow moneys on behalf of a campaign for a primary or a general election from *one or more financial institutions, as defined in section 36a-41, in an aggregate amount not to exceed one thousand dollars.*

CONN. GEN. STAT. § 9-710(a) (emphasis added).

Aggregate amount of loans: The statute provides that the aggregate amount of such loans to the candidate committee of a candidate who "intends to participate" in the Program may not exceed one thousand dollars. CONN. GEN. STAT. § 9-710(a). This one thousand dollar loan limit applies to candidate committees of candidates seeking any statewide or legislative office covered by the Program. Therefore a candidate intending to participate in the Program whose candidate committee accepts a loan or loans exceeding one

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<sup>1</sup> A declaratory ruling has the same status and binding effect as an order issued in a contested case and shall be a final decision for purposes of appeal in accordance with the provisions of Conn. Gen. Stat. § 4-183, pursuant to Conn. Gen. Stat. § 4-176(h). No one is on file with the Commission as having requested notice of declaratory ruling petitions on this subject matter pursuant to Conn. Gen. Stats. § 4-176(c).



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thousand dollars in the aggregate will not be in compliance with Program requirements, and consequently will not be eligible to receive public funds.

Permissible sources of loans: The statute provides only *one* source from which candidate committees of candidates intending to participate in the Program may receive loans: financial institutions. Section 36a-41 defines “financial institution” as meaning “a bank, Connecticut credit union, federal credit union, an out-of-state bank that maintains a branch in this state and an out-of-state credit union that maintains an office in this state.” CONN. GEN. STAT. § 36a-41. Consequently, if a candidate committee accepts a loan, in any amount, from an individual or individuals (including the candidate), a political committee, a corporation, a lobbyist, or *any source other than a financial institution* as defined by section 36a-41, the candidate will not be in compliance with Program requirements, and consequently will not be eligible to receive public funds.<sup>2</sup>

Additionally, no person, PAC, or party committee can endorse or guarantee a loan or aggregate loans exceeding \$500, except the candidate, or, in a general election, a state central committee. CONN. GEN. STAT. § 9-710(a).

Repayment of Loans: Any permissible loans must be repaid before the candidate applies for a grant from the Citizens’ Election Fund. Chapter 157 further provides:

All such loans shall be repaid in full prior to the date such candidate committee applies for a grant from the Citizens’ Election Fund pursuant to section 9-706. A candidate who fails to repay such loans or fails to certify such repayment to the State Elections Enforcement Commission shall not be eligible to receive and shall not receive grants from the fund.

CONN. GEN. STAT. § 9-710(b).

***Use of Personal Funds***

Chapter 157 permits candidates *intending to participate* in the Program to provide a limited amount of personal money to their candidate committees. CONN. GEN. STAT. § 9-710(c). The maximum amount of personal funds varies depending on the office being sought. Candidates for Governor may provide up to \$20,000. Candidates for other statewide offices (Lieutenant Governor, Attorney General, State Comptroller, State Treasurer, Secretary of the State) may provide up to \$10,000. Candidates for state senator may provide up to \$2,000, and candidates for state representative may provide up

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<sup>2</sup> A cash advance from a candidate’s credit card, which is issued by a financial institution, does not constitute a permissible loan under section 9-710(a).



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to \$1,000. CONN. GEN. STAT. § 9-710(c). If candidates provide more than the maximum allowable amount of personal funds to their candidate committees, the candidates will not be in compliance with Program requirements, and consequently will not be eligible to receive public funds.<sup>3</sup>

*Deduction from Initial Grant:* Candidates may only provide personal funds to their candidate committees before applying for initial grants. CONN. GEN. STAT. § 9-707. The initial grant that a candidate committee approved for a grant is eligible to receive is reduced by the amount of personal funds, if any, that the candidate provided to the candidate committee. CONN. GEN. STAT. § 9-705(j)(1).

***Purpose of “Seed Money” Provisions***

Section 9-710 allows for limited use of personal funds and loans as “seed money” for candidates intending to participate in the Program. *See* CONN. GEN. STAT. § 9-710. Because of the strict limits on such “seed money” included in section 9-710, a candidate intending to participate in the Program should be aware of these limits at the inception of the candidate committee. A candidate intending to participate in the Program who exceeds the limits on personal funds or loans would be unable to demonstrate compliance with Program requirements, and consequently would not be eligible to receive a grant.

***Personal Funds Do Not Constitute Qualifying Contributions***

Chapter 157 makes clear that personal funds provided by candidates do not constitute qualifying contributions. CONN. GEN. STAT. § 9-710(c). The only personal funds such candidates may provide are strictly limited to the amounts set forth in section 9-710(c). Therefore, candidates intending to participate in the Program are not allowed to make a qualifying contribution to their own candidate committees.

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<sup>3</sup> In very limited circumstances, there may be an opportunity to correct a minor error where a candidate provides more than the allowed amount of personal funds, the candidate committee has not spent the funds, and the candidate promptly seeks to remedy the situation. For example, a candidate for state representative forms a candidate committee and immediately provides \$1,200 in personal funds to the candidate committee. A state representative candidate who intends to participate in the Program may only provide up to \$1,000 in personal funds to his or her candidate committee. CONN. GEN. STAT. § 9-710(c). The candidate promptly recognizes the error, the candidate committee has not spent any money yet, and the candidate committee issues the candidate a prompt refund of \$200. In such narrow circumstances, the candidate may request that the Commission find that the candidate has not violated the Program requirements, and remains eligible to apply for a grant. Any candidate seeking to avail himself or herself of this narrow exception for a minor error, which hinges on each specific factual context, should contact the Commission and request assistance.



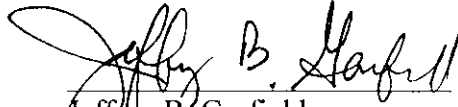
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This constitutes a declaratory ruling pursuant to Conn. Gen. Stat. § 4-176, and provides guidance about the loan and personal fund provisions of Conn. Gen. Stat. § 9-710.

This declaratory ruling is limited to addressing the specific issues raised. Any further questions regarding the issues discussed in this declaratory ruling may be raised to the staff of the State Elections Enforcement Commission.

Adopted this 12<sup>th</sup> day of September, 2007, by Order of the Commission.

  
Jeffrey B. Garfield  
Executive Director and  
General Counsel