



STATE ELECTIONS ENFORCEMENT COMMISSION

TERMINATION INFORMATION FOR JUDGE OF PROBATE CANDIDATES NOVEMBER 2021 SPECIAL ELECTION

This fact sheet is intended to assist Judge of Probate 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 Chapter 155 of the Connecticut General Statutes or the SEEC regulations.

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

Post-Election Expenditures

Judge of probate 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 audit;
- 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; and
- “thank you” notes and “thank you” advertising.

In addition, a candidate who is elected to office may authorize the campaign treasurer to expend surplus campaign funds to pay for the cost of clerical, secretarial or other office expenses necessarily incurred by the candidate in preparation for taking office, except that the surplus can NOT be distributed for the personal benefit of any individual, including the candidate, or to any organization. **Committees of candidates for judge of probate are subject to statutory requirements concerning surplus distribution, as described below.**

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.
- Committees whose advertising appeared on any online platform must obtain and retain copies of invoices or bills directly from the online platform or provider. These invoices or receipts from the provider, along with a copy of the communication for all such expenditures, including the actual advertisement, the dates that the ad ran, and any metrics provided (e.g. the number of impressions, per day frequency, distribution range etc.) will establish that the advertisement was actually placed and a permissible expenditure made. By online platform, it should be understood to mean any public-facing website, web application, or digital application, including a social network, ad network, or search engine. Bare line items regarding online advertising from full-service consultants (e.g. \$3,500 – Social

Media), with nothing further provided, does not represent “adequate documentation” under the Commission’s regulations.

- 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.

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.
- Report all expenditures including the surplus distribution check in Section P of SEEC Form 20.

Post-Election Filing Schedule

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| • Deficit Filing (if applicable) | February 7, 2022 |
| • Final Deadline for Distribution of Surplus | April 7, 2022 |

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 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 Elections Officer to discuss options.

If you will be distributing surplus and filing the termination statement at any time **BEFORE** the April 7 deadline 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 will be distributing your surplus on March 31, 2022 and filing your termination on or before April 7, 2022, select “**Termination Filing Following General Election**” from the Standard Reports menu in eCRIS Reporting Home.

Sale of Committee Equipment

After the election, candidate committees must sell or distribute 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 sale to individuals (including the candidates), committees, corporations, partnerships, organizations, or associations. The sales proceeds are part of the monetary surplus which must be distributed as described below.

Please note: *As a general rule a committee does not need to sell items that have a fair market value of less than \$50.*

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 audit. The proceeds from the sale of these items are reported in **Section K** (Miscellaneous Monetary Receipts not Considered Contributions) of **SEEC Form 20**. In the “Description” field, the treasurer should provide a brief description of each item sold as well as the original purchase date.

Please note: Committees may also distribute their equipment directly to a recipient as described below for distribution of surplus funds. The committee treasurer should keep internal records to document all surplus distribution, including surplus money and surplus equipment.

Distribution of Surplus Funds

Prior to termination, candidate committees must pay all outstanding debts, distribute equipment and **distribute all surplus funds** remaining in their bank accounts to:

- (a) An ongoing political committee (so long as such political committee has not been established to finance future political campaigns of the candidate);

Important Note: The Commission has concluded that a political committee is deemed to have been established to finance future political campaigns of a candidate where 26% or more of the committee’s expenditures go to the candidate’s future campaigns.

- (b) A party committee;

- (c) A charitable organization under Section 501(c)(3) or a veterans organization under 501(c)(19) of the Internal Revenue Code;

Important 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.

- (d) All contributors on a pro-rata basis based upon the relationship of the aggregate contribution from a particular contributor to the total of all contributions received by the committee from all contributors; or

(e) The Citizens' Election Fund.

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 20**. This statement must report the distribution of surplus in **Section P (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

In the event of a deficit, the candidate committee must remain in existence until it eliminates the 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 eliminate your deficit.

The treasurer of a candidate committee with a deficit must file a deficit statement using the SEEC Form 20 by **February 7, 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 20 on the **7th day of the next succeeding month** following elimination of the deficit.

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