

REGULATION

OF

 State Elections Enforcement
 Commission

Concerning

CITIZENS' ELECTION PROGRAM

SECTION _____

The following proposed regulations would be effective for any primary, election, or special election held on or after January 1, 2008.

Section 1. Section 9-706-2 of the Regulations of Connecticut State Agencies is amended as follows: *[Note: The existing section 9-706-2 relating to 2007 special elections is bracketed below because it would be deleted and replaced by the underlined text on pages 4-8 below.]*

[Additional Requirements for Participating Candidate Use of Campaign Funds for any 2007 Special Elections.

- (a) In addition to the requirements set out in section 9-706-1 of the Regulations of Connecticut State Agencies, participating candidates and the treasurers of participating candidates in a 2007 Special Election shall comply with the following Citizens' Election Program requirements regarding permissible and impermissible campaign-related expenditures. Permissible campaign-related expenditures shall include adequately documented expenditures for the following:
1. Purchase of political campaign advertising services from any communications medium, including but not limited to newspaper, television, radio or internet;
 2. Political campaign advertising expenses, including printing, photography, or graphic arts related to flyers, brochures, palm cards, signs, stickers, shirts, hats, buttons, or other similar campaign communication materials;
 3. Postage and other commercial delivery services for political campaign advertising;
 4. Campaign fundraising, including expenditures for campaign fundraising staff or consultants, provided such fundraising staff or fundraising consultants are paid no more than the fair market value for the hours spent on fundraising tasks;
 5. Campaign promotional events, including expenditures for food, space rental, staff and entertainment at such events;
 6. Campaign office rent and office supplies;
 7. Lease of office equipment;
 8. Campaign travel expenses, including vehicle rental, vehicle lease, and fuel expenses, provided that the participating candidate maintains detailed records for each trip;
 9. Food and beverage expenditures for campaign workers and staff, provided that the participating candidate maintains detailed records of such expenditures and does not exceed \$10

STATE OF CONNECTICUT
REGULATION
 OF

State Elections Enforcement
 Commission

Concerning

CITIZENS' ELECTION PROGRAM

SECTION _____

per person per occasion for breakfast and \$20 per person per occasion for lunch or dinner;

10. Aggregate purchase of durable goods or capital assets, such as computer equipment, fax machines, and printers, with an aggregate value of no more than: \$7,500 for a special election candidate for the office of state senator; and \$2,500 for a special election candidate for the office of state representative;
 11. Conducting polling or get-out-the-vote activities in furtherance of the participating candidate's nomination for election or election to the office specified in the participating candidate's affidavit certifying the candidate's intent to abide by Citizens' Election Program requirements;
 12. Other campaign personnel and professional services, including costs associated with compliance with the Commission's post-election audit of the participating candidate's campaign; and
 13. No more than the following amounts for post-election parties or thank you notes or other advertising to thank campaign staff, contributors, volunteers, or supporters: \$750 for a special election candidate for the office of state senator; and \$250 for a special election candidate for the office of state representative.
- (b) Participating candidates and the treasurers of such participating candidates shall not use funds in the participating candidate's account, including grants and other matching funds distributed from the Citizens' Election Fund, qualifying contributions and personal funds, for any expenditures other than campaign-related expenditures made to directly further the participating candidate's nomination for election or election. Further, participating candidates and the treasurers of such participating candidates shall comply with the following Citizens' Election Program requirements. Participating candidates and the treasurers of such participating candidates shall not spend funds in the participating candidate's depository account for the following:
1. Any expenditure for which the campaign fails to contemporaneously report such expenditure, and maintain and provide sufficient documentation indicating that the expenditure was made to directly further the participating candidate's nomination for election or election;
 2. Personal use, as described in section 9-607(g)(4) of the Connecticut General Statutes ;
 3. The participating candidate's personal support or expenses, such as for personal appearance or the candidate's household day-to-day food items, supplies, merchandise,

REGULATION

OF

 State Elections Enforcement
 Commission

Concerning

CITIZENS' ELECTION PROGRAM

SECTION _____

mortgage, rent, utilities, clothing or attire, even if such personal items (such as the participating candidate's residence, or business suits) are used for campaign related purposes;

4. Payments to the participating candidate or the participating candidate's family members, including: a participating candidate's spouse, domestic partner, sibling, child, grandchild, parent, grandparent, aunt, uncle; or the participating candidate's spouse's or domestic partner's sibling, child, grandchild, parent, grandparent, aunt, uncle; or the spouse, domestic partner, or child of any such individuals related to the participating candidate or his/her spouse or domestic partner;
5. Payments to any entity in which the participating candidate or the participating candidate's family members, as listed in section 9-706-2(b)(4) of the Regulations of Connecticut State Agencies, has a 5% or greater ownership interest;
6. Individual cash expenditures in excess of \$25, or individual reimbursements of advances in excess of \$75, and total cash expenditures or reimbursements of advances in excess of the following amounts: \$1000 for a special election candidate for the office of state senator, provided such candidate committee's petty cash fund shall not exceed \$100 at any time; and \$500 for a special election candidate for the office of state representative, provided such candidate committee's petty cash fund shall not exceed \$100 at any time;
7. Payments below or in excess of the fair market value of the goods or services received;
8. Gifts of any kind, including but not limited to the gifts described in section 9-607(g)(2)(T) of the Connecticut General Statutes;
9. Contributions, loans or expenditures to or for the benefit of another candidate, political committee or party committee;
10. Purchase of a vehicle;
11. Vehicle or transportation expenditures unrelated to the campaign;
12. Durable goods or capital assets in excess of the applicable limits provided in section 9-706-2(a)(10) of the Regulations of Connecticut State Agencies;

STATE OF CONNECTICUT
REGULATION
 OF

State Elections Enforcement
 Commission

Concerning

CITIZENS' ELECTION PROGRAM

SECTION _____

13. Expenses incurred but not paid that were not reported in a contemporaneous manner;
14. Any expenditure made in conjunction with another candidate for which the participating candidate (i) does not pay his or her proportionate share of the cost or (ii) fails to demonstrate with documentation that such payment reflected his or her proportionate share of the cost of the joint expenditure;
15. Post-election bonus payments to campaign staff or volunteers;
16. Post-election expenditures except (i) those provided in section 9-706-2(a)(12) of the Regulations of Connecticut State Agencies for reasonable expenditures for compliance with the Commission's post-election audit of the participating candidate's campaign; and (ii) the amounts listed in section 9-706-2(a)(13) of the Regulations of Connecticut State Agencies for post-election parties or thank you notes or other advertising to thank campaign staff, contributors, volunteers, or supporters;
17. Donations to a charity or community organization;
18. Independent expenditures to benefit another candidate;
19. Expenditures in violation of any federal, state or local law;
20. Penalties or fines; and
21. Any payment that is not made from the depository account disclosed by the participating candidate's committee.]

Participating Candidate Use of Campaign Funds.

(a) In addition to the requirements set out in section 9-706-1 of the Regulations of Connecticut State Agencies, participating candidates and the treasurers of participating candidates shall comply with the following Citizens' Election Program requirements. Permissible campaign-related expenditures shall include but are not limited to expenditures for the following:

1. Purchase of political campaign advertising services from any communications medium, including but not limited to newspaper, television, radio, billboard or internet;

REGULATION

OF

State Elections Enforcement
Commission

Concerning

CITIZENS' ELECTION PROGRAM

SECTION _____

2. Political campaign advertising expenses, including but not limited to printing, photography, or graphic arts related to flyers, brochures, palm cards, stationery, signs, stickers, shirts, hats, buttons, or other similar campaign communication materials;
3. Postage and other commercial delivery services for political campaign advertising;
4. Campaign personnel and professional services;
5. Campaign promotional events, including but not limited to expenditures for food, space rental, staff and entertainment at such events;
6. Campaign office rent, office supplies and other office expenses, including but not limited to office utilities and office insurance expenses;
7. Campaign office services, including but not limited to internet services, phone services, photocopying and mailing;
8. Purchase or lease of campaign office furniture and equipment, including but not limited to computer hardware and software;
9. Campaign travel expenses, including but not limited to vehicle rental and vehicle lease;
10. Campaign mileage and fuel expenses at a rate that is no greater than the standard mileage rate provided by the Internal Revenue Service for the calculation of the deductible cost of operating an automobile for business purposes;
11. Food and beverage expenditures for campaign staff, volunteers and other campaign personnel, provided that the expenditure does not exceed \$15 per person per occasion for breakfast, inclusive of tax and gratuity, \$20 per person per occasion for lunch, inclusive of tax and gratuity, or \$30 per person per occasion for dinner, inclusive of tax and gratuity;
12. Conducting polling or get-out-the-vote activities; and
13. No more than the following amounts for post-primary or post-election thank you notes or other advertising to thank campaign staff, contributors, volunteers, or supporters: \$7,500 for a candidate for the office of governor; \$3,500 for a candidate for the office of lieutenant governor, attorney general, state comptroller, secretary of state, or state

STATE OF CONNECTICUT
REGULATION
OF

PROPOSED

State Elections Enforcement
Commission

Concerning

CITIZENS' ELECTION PROGRAM

SECTION _____

treasurer; \$1,000 for a candidate for the office of state senator; \$500 for a candidate for the office of state representative; \$750 for a special election candidate for the office of state senator; and \$250 for a special election candidate for the office of state representative.

(b) In addition to the requirements set out in section 9-706-1 of the Regulations of Connecticut State Agencies, participating candidates and the treasurers of such participating candidates shall comply with the following Citizens' Election Program requirements. Participating candidates and the treasurers of such participating candidates shall not spend funds in the participating candidate's depository account for the following:

1. Personal use, as described in section 9-607(g)(4) of the Connecticut General Statutes;
2. The participating candidate's personal support or expenses, such as for personal appearance or the candidate's household day-to-day food items, supplies, merchandise, mortgage, rent, utilities, clothing or attire, even if such personal items (such as the participating candidate's residence, or business suits) are used for campaign related purposes;
3. Payments to the participating candidate or the participating candidate's family members, including: a participating candidate's spouse, civil union partner, sibling, child, grandchild, parent, grandparent, aunt, uncle; or the participating candidate's spouse's or civil union partner's sibling, child, grandchild, parent, grandparent, aunt, uncle; or the spouse, civil union partner, or child of any such individuals related to the participating candidate or his/her spouse or civil union partner, except payment(s) to the participating candidate or the participating candidate's committee worker or the participating candidate's family member serving as a committee worker if such individual is seeking reimbursement for a permissible expenditure for which he/she received authorization from the campaign treasurer to make such expenditure, and such participating candidate or committee worker provides the campaign treasurer with a written receipt or other documentary evidence from the vendor proving payment of the expenditure, as required by section 9-607(j) of the Connecticut General Statutes;
4. Payments to any entity in which the participating candidate or the participating candidate's family members, as listed in

REGULATION

OF

State Elections Enforcement
Commission

Concerning

CITIZENS' ELECTION PROGRAM

SECTION _____

section 9-706-2(b)(3) of the Regulations of Connecticut State Agencies, has a 5% or greater ownership interest;

5. Individual cash expenditures in excess of \$50, provided such candidate committee's petty cash fund shall not exceed \$100 at any time and further provided that such petty cash fund shall not be replenished more than twice in a seven day period;
6. Payments in excess of the usual and normal charge for the goods or services received;
7. Gifts of any kind if the value exceeds \$5 to any one recipient, including but not limited to the gifts described in section 9-607(g)(2)(T) of the Connecticut General Statutes;
8. Contributions, loans or expenditures to or for the benefit of another candidate, political committee or party committee;
9. Purchase of a vehicle;
10. Any expenditure made in conjunction with another candidate for which the participating candidate does not pay his or her proportionate share of the cost of the joint expenditure;
11. Post-election bonus payments, including but not limited to bonus payments to campaign staff or volunteers;
12. Donations to a charity or community organization, except as the admission fee of no greater than \$100 to an event attended by the candidate for campaign purposes prior to the applicable primary or election;
13. Independent expenditures to benefit another candidate;
14. Expenditures in violation of any federal, state or local law;
15. Penalties or fines;
16. Expenditures incurred but not paid for which payment of any portion of the outstanding liability is made contingent on the participating candidate committee's receipt of a grant from the Citizens' Election Fund; and
17. Any payment that is not made from the depository account disclosed by the participating candidate's committee.

STATE OF CONNECTICUT
REGULATION
OF

PROPOSED

State Elections Enforcement
Commission

Concerning

CITIZENS' ELECTION PROGRAM

SECTION _____

(c) For elections held in 2012, and thereafter, the permissible amounts for food and beverage expenditures in section 9-706-2(a)(11) of the Regulations of Connecticut State Agencies shall be reviewed by the State Elections Enforcement Commission not later than February 1, 2012, February 1, 2014, and quadrennially thereafter, in accordance with any change in the consumer price index for all urban consumers as published by the United States Department of Labor, Bureau of Labor Statistics, during the period beginning on January 1, 2010, and ending on December thirty-first in the year preceding the year in which said adjustment is to be made, and adjusted if deemed necessary by the Commission.

Sec. 2. The Regulations of Connecticut State Agencies are amended by adding section 9-706-3 as follows:

(NEW) Payment of Funds Does Not Constitute a Final Determination.

A payment from the Citizens' Election Fund does not constitute the Commission's final determination of eligibility or the final amount of funds for which such participant may qualify. Eligibility and payment determinations are subject to audit and readjustment by the Commission. Any Commission final payment determination shall be made no later than four years from the date of the last report required to be filed under section 9-608 of the Connecticut General Statutes unless the Commission receives information indicating that the candidate, treasurer or any other agent of the campaign, may have engaged in willful misrepresentation, willful nondisclosure or criminal fraud related to campaign finance information required to be reported or substantiated pursuant to Chapters 155 or 157 of the Connecticut General Statutes or any regulations promulgated thereto.

Sec. 3. Section 9-712-1 of the Regulations of Connecticut State Agencies is amended as follows:

(AMENDED) Permissible Media for Transmission of Supplemental Campaign Finance Statements.

(a) Each supplemental campaign finance statement required to be filed with the Commission pursuant to [section 9-712(a)] section 9-712 of the Connecticut General Statutes shall be submitted to the Commission by hand delivery by no later than 4:30 p.m. during business days, facsimile transmission to the Commission's dedicated number for supplemental campaign finance statements, electronic mail transmission to the Commission's dedicated electronic mail address for supplemental campaign finance statements or [overnight mail] by using the Commission's electronic campaign finance reporting system.

(b) Supplemental campaign finance statements filed pursuant to section 9-712 of the Connecticut General Statutes by electronic mail or by the Commission's electronic campaign finance reporting system will be acknowledged as received by the Commission by way of an electronic mail response. Supplemental

STATE OF CONNECTICUT
REGULATION
 OF

State Elections Enforcement
 Commission

Concerning

CITIZENS' ELECTION PROGRAM

SECTION _____

campaign finance statements filed pursuant to section 9-712 of the Connecticut General Statutes by hand delivery by no later than 4:30 p.m. during business days will be acknowledged as received by the Commission by way of a delivery receipt.

Sec. 4. The Regulations of Connecticut State Agencies are amended by adding section 9-714-1 as follows:

(NEW) Independent Expenditures.

- (a) A person makes or obligates to make an independent expenditure with the intent to promote the success or defeat of a candidate for the office of Governor, Lieutenant Governor, Secretary of the State, State Treasurer, State Comptroller, Attorney General, State Senator or State Representative, if the independent expenditure expressly advocates the nomination for election or election, or defeat of, such candidate.
- (b) "Expressly advocates" shall mean:
1. Conveying a public communication containing a phrase including, but not limited to, "vote for," "elect," "re-elect," "support," "endorse," "cast your ballot for," "(name of candidate) in (year)," "(name of candidate) for (office)," "vote against," "defeat," "reject," or a campaign slogan or words that in context and with limited reference to external events, such as the proximity to the primary or election, can have no reasonable meaning other than to advocate the election or defeat of one or more clearly identified candidates; or
 2. Making a public communication which names or depicts one or more clearly identified candidates, which, when taken as a whole and with limited reference to external events, contains a portion that can have no reasonable meaning other than to urge the election or defeat of the candidate(s), as evidenced by factors such as the presentation of the candidate(s) in a favorable or unfavorable light, the targeting, placement, or timing of the communication, or the inclusion of statements by or about the candidate.
- (c) All expenditures directly related to the production and distribution of a public communication that expressly advocates the nomination for election or election, or defeat of, a candidate for the office of Governor, Lieutenant Governor, Secretary of the State, State Treasurer, State Comptroller, Attorney General, State Senator or State Representative, shall be treated as part of the independent expenditure for such candidate.

STATE OF CONNECTICUT
REGULATION
 OF

State Elections Enforcement
 Commission

Concerning

CITIZENS' ELECTION PROGRAM

SECTION _____

Sec. 5. The Regulations of Connecticut State Agencies are amended by adding section 9-702-1 as follows:

(NEW) Expenditure Limits and Attribution of Expenditures.

Expenditures by the candidate committee of a participating candidate in a primary, made prior to or on the date of such primary, shall be presumed to have been made for the primary for the purpose of applying the expenditure limit. However, the presumption may be overcome if the timing of the receipt of the value of the goods or services requires attribution of expenditures made or obligations incurred before the primary to the general election expenditure limit.

Sec. 6. The Regulations of Connecticut State Agencies are amended by adding section 9-607-1 as follows:

(NEW) Recordkeeping Requirements to Substantiate Permissible Campaign Expenditures of Any Committee for Campaign Staff or Professional Personnel.

- (a) Pursuant to the requirements described in sections 9-607(f), 9-607(g), 9-706(e) of the Connecticut General Statutes, and any regulations adopted thereto, in order to substantiate any payment for services of campaign or committee staff, or campaign or committee services of attorneys, accountants, consultants, or other professional persons for campaign activities, the campaign treasurer shall maintain internal records, including but not limited to:
1. a written agreement, signed before any work or services for which payment in excess of \$100 is sought is performed, which sets forth (i) the nature and duration of the fee arrangement and (ii) a description of the scope of the work to be performed or services to be rendered; and
 2. contemporaneous records and/or invoices created by the close of the reporting period but in no event later than the date of the primary or election to which the expenditure relates, which set forth the nature and detail of the work performed or services rendered.

Statement of Purpose:

The purpose of the Commission's proposed regulations is to: (1) describe permissible uses of campaign funds and public grant dollars by candidate committees of candidates who elect to participate in the Citizens' Election Program ("participating candidates") for any election held on or after January 1, 2008, as required by Section 9-706(e) of the Connecticut General Statutes; (2) make clear that a determination that a participating candidate is eligible to receive public grant funds is not a final Commission determination, as all

STATE OF CONNECTICUT
REGULATION
 OF

State Elections Enforcement
 Commission

Concerning

CITIZENS' ELECTION PROGRAM

SECTION _____

payment determinations are subject to further review by the Commission; (3) further describe permissible methods of transmission to the Commission of supplemental campaign finance disclosure statements, as required by § 9-712(a) of the Connecticut General Statutes; (4) describe what constitutes an independent expenditure made “with the intent to promote” the success or defeat of a candidate for the office of Governor, Lieutenant Governor, Secretary of State, State Treasurer, State Comptroller, Attorney General, State Senator, or State Representative, as set forth in § 9-714 of the Connecticut General Statutes; (5) describe how the Commission will attribute expenditures made by a participating candidate during the primary campaign period, pursuant to § 9-702(c) of the Connecticut General Statutes, which sets forth the expenditure limits during specific periods of the campaign; and (6) describe recordkeeping requirements to substantiate campaign expenditures by any committee for campaign staff and professional services.

Summary:

Proposed amended regulation § 9-706-2 addresses permissible expenditures for qualified candidate committees participating in the Citizens’ Election Program and receiving grants from the Citizens’ Election Fund. The amendments would delete the current § 9-706-2 and replace the current § 9-706-2 (which applies to 2007 Special Elections) with new language regarding permissible uses of campaign funds and public grant dollars by candidate committees of candidates who elect to participate in the Citizens’ Election Program.

Proposed amended regulation § 9-706-2 sets forth specific guidelines to clarify the types of campaign-related expenditures that are permissible under the Program. Section 9-706-2 also outlines certain types of expenditures which are impermissible (for example, expenditures made for personal use, as described by § 9-607(g)(4) of the Connecticut General Statutes).

Proposed new regulation § 9-706-3 clarifies that a payment from the Citizens’ Election Fund cannot be construed as the Commission’s final determination of either the participating candidate’s eligibility for funds or the final amount of funds for which a candidate may qualify. All payment determinations are subject to further review by the Commission, which will make its final payment determination within four years from the date of the last campaign finance disclosure report the campaign is required to file. This four-year period is the same amount of time campaigns must retain campaign records, pursuant to section 9-607(f) of the Connecticut General Statutes. The Commission’s final payment determination may be extended beyond four years if the Commission becomes aware of information indicating that the candidate, treasurer, or other campaign agent engaged in willful misrepresentation or willful non-disclosure of required information, or criminal fraud.

Proposed amended regulation § 9-712-1 addresses permissible media for the transmission of supplemental campaign finance disclosure statements to the Commission. More specifically, the amendment modifies and further clarifies the list of the permissible media through which candidates in a race including a

STATE OF CONNECTICUT

REGULATION

OF

 State Elections Enforcement
 Commission

Concerning

CITIZENS' ELECTION PROGRAM

SECTION _____

participating candidate may transmit the weekly, forty-eight hour, or twenty-four hour supplemental campaign finance statements required by § 9-712 of the Connecticut General Statutes regarding excess expenditures reporting. In addition, this proposed amended regulation permits committees of candidates in such a race to file the required excess expenditure statements by hand delivery only if the deadline falls during the Commission's regular business hours. Proposed amended regulation 9-712-1 also describes how the Commission will transmit acknowledgement of receipt of statements filed electronically or by hand delivery.

Proposed new regulation § 9-714-1 describes what constitutes an independent expenditure made "with the intent to promote" the success or defeat of a candidate for the office of Governor, Lieutenant Governor, Secretary of State, State Treasurer, State Comptroller, Attorney General, State Senator, or State Representative, as set forth in § 9-714 of the Connecticut General Statutes. The proposed regulation defines an independent expenditure made "with the intent to promote" the success or defeat of a candidate as an independent expenditure which "expressly advocates" the success or defeat of such candidate, and also defines "expressly advocates." The proposed regulation also specifies what types of expenses will be treated as part of an independent expenditure.

Proposed new regulation § 9-702-1 clarifies that expenditures by the candidate committee of a participating candidate in a primary, made prior to or on the date of such primary, shall be presumed to have been made for the primary for the purpose of applying the expenditure limit. However, the proposed regulation further clarifies that the presumption may be overcome if certain criteria are met.

Proposed new regulation § 9-607-1 describes the records that a campaign treasurer of any committee must maintain to substantiate expenditures for campaign staff, or payments for professional services of attorneys, accountants, consultants or other professional persons.