



STATE ELECTIONS ENFORCEMENT COMMISSION

TERMINATION INFORMATION FOR STATEWIDE & GENERAL ASSEMBLY CANDIDATES WHO WERE UNSUCCESSFUL IN A 2014 PRIMARY

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-Primary 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 how they use their remaining money. Such candidates are permitted to make expenditures for winding up the campaign and distributing surplus, including payments for:

- utility bills, rent and other unpaid liabilities;
- costs for photocopying campaign financial records in preparation for a possible post-primary audit;
- reasonable moving expenses related to closing campaign office space;
- staffing for a short time after the primary for reasonable costs related to winding up the committee;
- "thank you" notes and "thank you" advertising (limited to **\$7,500** for a candidate for governor, **\$3,500** for a candidate for other statewide office, **\$1,000** for state senator candidates and **\$500** for state representative candidates);
- "thank you" parties for committee workers provided the meal is held no later than 14 days after the primary and the cost is limited to **\$30** per worker, using "SRPLS" as the expenditure code;
- a post-primary payment of up to **\$1,000** to the campaign treasurer for services rendered, using "SRPLS" as the expenditure code; and
- distribution of your remaining surplus back to the CEF, using "SRPLS" as the 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 expenditures for winding up the campaign (as described above), including expenditures for transition costs, as well as post-primary “thank you” notes or events for campaign supporters or workers. While such candidates do not have a defined limit on spending for such items like CEP grant recipients do, post-primary expenditures must be reasonable.

Note that unlike participating candidates who received grants, nonparticipating candidates and participating candidates who did not receive grants may not spend surplus on post-primary bonuses to the treasurer. They may, however, make reasonable payments to a treasurer for winding up the committee and complying with a post-election review – if the amount is for over \$100, they must have a service contract in place before services are performed.

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.
- 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 primary day workers and make sure they promptly cash compensation checks.
- Track all outstanding committee checks and urge vendors to cash these promptly.



Filing Schedule

- 30 Days Following Primary Filing: **September 11, 2014**
- Deficit Filing (if applicable): **November 10, 2014**
- Committees that did **not** receive notice of a SEEC Audit
 - Final Deadline for Distribution of Surplus: **November 10, 2014**
 - Final Deadline for Termination Report: **November 17, 2014**
- Committees that receive notice of a SEEC Audit
 - Final Deadline for Distribution of Surplus: **December 10, 2014**
 - Final Deadline for Termination Report: **December 17, 2014**

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. Once a committee has filed a termination statement, it is not required to submit any of the subsequent filings due after that date (as are listed above).

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:

Remember to choose the year **2014** and select **“Deficit or Termination Filing Following Primary”** as the type of report filed.

Distribution of Funds from Sale of Committee Equipment

After the primary, the law **requires** unsuccessful 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 sale to individuals (including the candidates), committees, corporations, partnerships, organizations, or associations.



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 arms-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 I** (Miscellaneous Monetary Receipts not Considered Contributions) of **SEEC Form 30**. In the “Description” field, the treasurer should provide a brief description of each item sold as well as the original purchase date.

All money earned from selling committee equipment must then be distributed as surplus. A participating candidate who received a grant should give the money earned from the equipment sales to the CEP. Nonparticipating candidates and participating candidates who did not receive a grant may distribute the monies from equipment sales to the CEP or a 501(c)(3) or 501(c)(19), or they may give their equipment directly to a 501(c)(3) or 501(c)(19). The committee treasurer should keep internal records to document all surplus distribution, including surplus money and surplus equipment.

Please Note: Prior campaign assets such as lawn signs and campaign paraphernalia are not considered equipment and may be stored by the candidate or 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 deal with domain names after the election is over, see [Advisory Opinion 2010-03: Treatment of Domain Names](#).

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 the to: **State Elections Enforcement Commission, Campaign Disclosure & Audit Unit, 3rd Floor, 20 Trinity St., Hartford, CT 06106-1628**.

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 the 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 section 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 such organization.

As Noted Above: Once a committee has zeroed out its bank account and 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**. Keep the campaign depository account 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.

Please Note: If you believe that your candidate committee may have a deficit, please contact your Candidate Services Liaison and they will assist you with the post-election process.

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, typed or printed 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 limit. Accordingly, a contributor who has already reached his or her contribution limit during the election cannot contribute again to eliminate your deficit.

The treasurer of a candidate committee with a deficit must file a deficit statement using the SEEC Form 30 by **November 10, 2014** 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 seventh 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 seventh day of the next succeeding month. The treasurer must file a final termination statement using SEEC Form 30 on the **seventh day of the next succeeding month** following elimination of the deficit.

For questions about post-primary or termination issues, contact your Candidate Services Liaison at (860) 256-2985.