



STATE OF CONNECTICUT  
STATE ELECTIONS ENFORCEMENT COMMISSION  
20 Trinity Street – Suite 101 • Hartford, Connecticut 06106 - 1628

July 27, 1999

Barbara Bartucca  
Vice President, Government Relations  
Connecticut Credit Union League  
110 South Turnpike Road  
PO Box 5001  
Wallingford, Connecticut 06492

**RE: Opinion of Counsel Concerning a Golf Tournament Sponsored by Business Entity PAC--“Reasonable and Necessary Expenses” (OC 99-3)**

Dear Ms. Bartucca:

Your memorandum of July 20, 1999 seeks advice concerning issues that arise in the context of a golf tournament fundraising event to be sponsored by the Connecticut Credit Union PAC (hereinafter PAC). The PAC is an ongoing business entity political committee established by the Connecticut Credit Union League (hereinafter League) pursuant to Chapter 150.

The first issue is whether state law allows the League to pay for the administrative expenses associated with the PAC's fundraising affair. The League would like to expend treasury funds to pay the costs of the greens' fees, carts, meals, and *de minimis* gifts connected with the planning of the golf tournament.

Section 9-333o(b), General Statutes, provides in part:

“A business entity may make reasonable and necessary transfers or disbursements to or for the benefit of a political committee established by such business entity, for the administration of, or solicitation of contributions to, such political committee.”

Section 9-333o(b) therefore authorizes the League to make “reasonable and necessary” disbursements for the “administration of...or solicitation of contributions” to the PAC's fundraiser. An adequate response to this issue also requires a further analysis of what is “reasonable and necessary” in the context of a fundraising affair conducted in accordance with Chapter 150 of the Connecticut Campaign Finance law.

In OC 93-2, an Opinion of Counsel dated February 10, 1993, a copy of which is enclosed, this office opined that costs associated with a golf tournament fundraiser were permissible disbursements that could be made on behalf of the PAC by the business

entity which organized the PAC because "...the purpose of the golf tournament is to raise funds for the PAC." In the same opinion we stated that any analysis of whether disbursements are "reasonable and necessary" had to be determined "on a case by case basis".

Guided by the foregoing opinion we will look to the Federal election law after which Section 9-333o (b) was modeled, particularly 11 CFR Ch. 1, Section 114.5b(2), which allows corporations, membership organizations, etc. to use general treasury monies for the establishment, administration and solicitation of contributions to its PAC. The federal law allows such use of treasury monies for fundraising purposes provided that such transfers are "not disproportionately valuable". A presumption that the treasury transfer or disbursement is proportionate to the value of the fundraiser is established by interposition of a one-third rule. See Section 114.5b(2). Thus, treasury transfers or disbursements that are valued at 33% or less than the contributions raised by the PAC at the fundraiser are presumed "not disproportionately valuable". We shall adhere to the one-third rule in responding to whether the greens' fees, carts, meals, *de minimis* gifts (valued at \$2.00 or less) and other costs advanced are "reasonable and necessary" pursuant to Section 9-333o(b), General Statutes. Thus, if the League disburses \$1,000.00 to underwrite the costs of the affair and \$3,000.00 in contributions is received by the PAC at the fundraiser, the League's disbursement will be deemed to be "reasonable and necessary".

Because it is always true that the amount of contributions to be collected at a fundraiser remains a variable until the fundraiser is held there will always be uncertainty whether the one-third rule will be satisfied at the time that the League pays some or all of the costs on behalf of its PAC. For example, if the PAC only receives \$1,000.00 in contributions, and costs exceeding \$333.33 are disbursed by the League, those amounts exceeding \$333.33 will not be deemed by this office to be "reasonable and necessary" in the context of this rule. In such an instance we advise the PAC to reimburse the League the excess, and to do so within a reasonable period of time after the fundraiser is held, or an impermissible business entity contribution would be deemed to result in contravention of Section 9-333o(a), General Statutes. A reasonable period of time will be deemed by us to be within thirty calendar days of the fundraiser. Under the foregoing hypothetical the PAC should reimburse the League \$666.67 representing that portion of the League's disbursement which exceeded one-third (33%) of the contributions received by the PAC at the fundraiser.

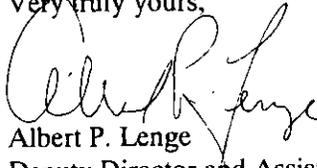
In accordance with this reasoning, it is the opinion of counsel that the League may pay the "reasonable and necessary" costs associated with the PAC's fundraiser, i.e. costs that do not exceed one-third of the total contributions received for the golf tournament fundraising event which the PAC is planning to sponsor. If such paid costs prove to exceed one-third of the contributions actually received by the PAC then the PAC, consistent with this opinion, should reimburse the League for the amount of the excess and do so in a timely manner. *Note:* Percentage calculations must be based upon the amount of "*contributions*" received at a fundraising affair, as distinguished from other types of monetary receipts that are not contributions, in order to satisfy Section 9-333o(b)

which only authorizes "reasonable and necessary transfers or disbursements...for the administration of, or solicitation of *contributions* to, such political committee".

Finally, you ask if the League is limited to treasury disbursements associated with a single PAC sponsored fundraising affair per calendar year. Please be advised that Connecticut law does not limit the number of such fundraising affairs over the calendar year (January 1 to December 31).

We trust that this opinion will guide you in resolving the issues raised on behalf of the League. Please do not hesitate to contact us as other questions arise relating to this or any other matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Albert P. Lenge".

Albert P. Lenge  
Deputy Director and Assistant General Counsel

Enclosure