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## OLR Bill Analysis

### sHB 7222

#### ***AN ACT CONCERNING VARIOUS CAMPAIGN FINANCE REFORMS.***

#### **SUMMARY**

This bill makes several changes to the state's campaign finance laws, including (1) amending the list of activities that campaign-related vendors may do without it being considered an independent expenditure, (2) making it an illegal campaign finance practice for certain campaign-related vendors to fail to give necessary information to candidate committee treasurers, (3) changing when certain inflationary adjustments must be made for the Citizens' Election Program (CEP), (4) modifying the procedures for gubernatorial convention campaign grants, (5) changing when certain CEP grant restrictions take effect, and (6) amending certain campaign finance definitions.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: Upon passage, except that provisions changing the timeline for certain CEP adjustments are effective July 1, 2025, and provisions on when a convention campaign grant may be applied for and when CEP grant restrictions attach are effective January 1, 2028.

#### **§§ 6 & 7 — CAMPAIGN-RELATED VENDORS**

##### ***Independent Expenditures: Exclusions (§ 6)***

By law, an "independent expenditure" (IE) is an expenditure made without the consent, coordination, or consultation of a (1) candidate or candidate's agent; (2) candidate committee; (3) political committee (PAC); or (4) party committee, and authorized persons (including individuals, entities, and committees) may make unlimited IEs.

The law specifically excludes certain things from being IEs (although there is a rebuttable presumption), and the bill changes one of these.

Current law excludes payments to campaign-related vendors that provide the following services: polling, mail design, mail strategy, political strategy, general campaign advice, or telephone banking. The bill instead excludes payments to vendors that provide the following services: (1) campaign strategy; (2) design or management of campaign communications, literature, or advertising; or (3) fundraising or management services, or with duties that include identifying, hiring, or paying subvendors for goods or services on the committee's behalf.

### ***Documentation (§ 7)***

Under campaign finance law, committee treasurers must authorize all committee expenditures, make payments accordingly, and preserve all transaction records. The bill makes it an illegal campaign finance practice for certain campaign-related vendors to not give a committee treasurer the complete information about any financial obligation to be made or made on behalf of the committee so the treasurer can meet his or her responsibilities under the campaign finance laws. It subjects to this penalty vendors who are paid by a qualified candidate committee either \$5,000 or more than 10% of the CEP grant.

By law, an illegal campaign finance practice is subject to a civil penalty of up to \$2,000 per offense or twice the amount of any improper payment or contribution, whichever is greater (CGS § 9-7b(a)(2)(D)). If the act is knowing and willful, it is a class D felony, punishable by up to five years in prison, a fine of up to \$5,000, or both (CGS § 9-623(a)).

### **§ 8 — CPI ADJUSTMENTS FOR CITIZENS' ELECTION PROGRAM**

The CEP is the state's voluntary public campaign financing system, available to candidates for legislative and statewide office. By law, candidates qualify for the CEP by raising at least an aggregate amount of funds through qualifying contributions (QCs) from individual donors. The State Elections Enforcement Commission (SEEC) must adjust the aggregate and QC amounts every two years for legislative office candidates and every four years for statewide office candidates based on the change in the Consumer Price Index for All Urban Consumers (CPI-U).

Beginning with the 2028 election cycle, the bill shifts the timing of these adjustments from January of an election year to January of the prior year. For the 2026 election cycle, it also authorizes SEEC to make an early inflationary adjustment to these amounts by July 3, 2025, based on the CPI-U, as published by the U.S. Department of Labor, during the period beginning on January 1, 2017, and ending on December 31, 2024.

By law, the statutory aggregate contribution amounts and QC amounts are set based on the elected office. The statutory aggregate amounts are \$250,000 for the governor, \$75,000 for the lieutenant governor or other statewide office, \$15,000 for a state senator, and \$5,000 for a state representative. The maximum QC amount under state law is \$250.

### **§ 9 — INELIGIBILITY FOR CEP GRANTS**

Once a candidate files an affidavit to abide by the CEP's requirements, current law makes the candidate ineligible for a CEP grant if he or she changes status as a major party, minor party, or petitioning party candidate or becomes a candidate of a different party. The bill shifts when this prohibition begins from the affidavit's filing to the CEP grant application's filing (which is generally after the candidate has met his or her fundraising requirement and qualified for ballot access, unlike when the affidavit has been filed).

### **§§ 9 & 10 — GUBERNATORIAL CONVENTION CAMPAIGN GRANT**

Under existing law, a major party gubernatorial candidate who participates in the CEP may apply for and receive a "convention campaign grant" before the party's nominating convention. The law allows candidates to apply for this grant at any time after filing the affidavit of intent to participate in, and abide by, the CEP's spending limits and requires SEEC to approve or disapprove the application within 10 business days after receiving it. The bill specifies that a major party candidate for nomination to the office of governor in 2030 or after may apply for this grant beginning in the January preceding the election after filing the affidavit.

Additionally, under the bill, if a gubernatorial candidate is approved

for a convention campaign grant, but the upcoming grant amount has not yet been determined through the CPI adjustment process described above, similar to existing law for other CEP grants, SEEC must approve the initial grant amount the candidate is eligible for. Once the CPI adjustment has been made, SEEC must approve and pay the remaining portion of the candidate's grant.

Relatedly, any candidate committee that applies for a grant before July 3, 2025 (see above), may only be approved for the unadjusted amount.

## **§§ 1-5 — CHANGES TO CAMPAIGN FINANCE DEFINITIONS**

### ***Solicitor (§§ 1-4)***

The state's campaign finance laws define the terms "solicit" and "solicitor." Solicit means, among other things, requesting that a contribution be made. However, a "solicitor" is not a person who requests or solicits contributions, but is instead a specially designated agent of a committee who can physically collect contributions on the committee's behalf. The bill renames a "solicitor" as a "collector," unlinking these terms, and makes several conforming changes.

### ***Organization Expenditures (§ 5)***

By law, organization expenditures are made by legislative caucus, legislative leadership, or party committees to benefit candidates or their committees. They are not considered campaign contributions, but the law places restrictions and limits on those made to benefit legislative candidates participating in the CEP.

The bill modifies the definition of organizational expenditure to include a campaign event at which a candidate or candidates are present. (Prior law included this language until 2023.) Current law only defines this as an event with campaign materials but at which no contribution may be received, solicited, or bundled.

## **BACKGROUND**

### ***Related Bills***

SB 515 (File 478), favorably reported by the Government Oversight

Committee, makes changes to the inflationary adjustment procedures for QCs.

SB 1405 (File 489), favorably reported by the Government Oversight Committee, makes changes to the inflationary adjustment procedures for QCs and amends the definitions of “organization expenditure” and “solicit.”

sSB 1517, favorably reported by the Government Administration and Elections (GAE) Committee, makes various changes regarding independent expenditures.

sSB 1533, favorably reported by the GAE Committee, makes identical changes to this bill regarding the definition of “organization expenditure,” CPI adjustments, and gubernatorial convention campaign grants.

HB 7089 (File 512), favorably reported by the Government Oversight Committee, makes identical changes as this bill.

HB 7093 (File 516), favorably reported by the Government Oversight Committee, makes various changes regarding independent expenditures.

sHB 7246, favorably reported by the GAE Committee, makes changes to the inflationary adjustment procedures for QCs and amends the definitions of “organization expenditure” and “solicit.”

## **COMMITTEE ACTION**

Government Administration and Elections Committee

Joint Favorable

Yea 18    Nay 1    (03/26/2025)