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## OLR Bill Analysis

sSB 1405 (File 489, as amended by Senate "A")\*

### **AN ACT MODIFYING CAMPAIGN FINANCE LAWS AND THE POWERS OF THE STATE ELECTIONS ENFORCEMENT COMMISSION.**

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#### BACKGROUND

## SUMMARY

This bill makes various changes to the state's campaign finance laws as described in the section-by-section analysis below.

\*Senate Amendment "A" (1) clarifies what committee may share content as part of an organization expenditure, (2) removes provisions eliminating personal audio disclaimer requirements for independent expenditure video broadcasts, (3) explicitly requires the weighted lottery for selecting candidate committees for audit be duly noticed and open to the public, (4) sets a deadline for the State Elections Enforcement Commission (SEEC) to complete audits of candidate committees after an election, (5) requires SEEC to publish a list of materials and records treasurers must maintain and limits their liability if compliant, (6) modifies the legislative involvement with SEEC guidance documents, (7) subjects Citizens' Election Program (CEP) aggregate contribution amounts to inflationary adjustment date changes and modifies the adjustment procedures, (8) allows the donation of nonqualifying CEP contributions to charity, and (9) requires both legislative chambers to approve the nomination of the SEEC executive director instead of just one as in the underlying bill.

EFFECTIVE DATE: July 1, 2025, except provisions increasing the maximum that may be spent on invitations, food, and beverages, and not be subject to campaign finance requirements, are effective upon passage.

## § 1 — CAMPAIGN FINANCE DEFINITIONS

*Makes related changes to the state campaign finance law's definitions of the terms "organization expenditure" and "solicit" regarding the sharing of content created by a candidate committee or on behalf of a candidate by certain other committees*

### **Organization Expenditure**

By law, organization expenditures are made by legislative caucus, legislative leadership, or party committees to benefit candidates or their committees. Under existing law, organization expenditures may be made to prepare, display, or distribute a party candidate listing. The bill specifies that this includes (1) electronically sharing, posting, or

forwarding content created by a candidate committee or a party, legislative caucus, or legislative leadership committee on behalf of a candidate; (2) using personal email lists or existing email accounts used for these activities; and (3) other de minimus activities that may or may not be related to fundraising.

Under existing law, a “party candidate listing” is a communication that (1) lists the name or names of candidates for election; (2) is distributed through public advertising (e.g., cable television, newspapers, or similar media), direct mail, telephone, electronic mail, publicly accessible Internet sites, or personal delivery; and (3) is made to promote the success or defeat of a candidate or slate of candidates seeking nomination or election, or to aid or promote the success or defeat of a referendum question or a political party. The communication may not be a solicitation for or on behalf of a candidate committee.

### ***Solicit***

The state’s campaign finance law generally regulates when and how committees may solicit contributions for public office, and requires the filing of certain information relating to soliciting activities. Under existing law, to “solicit” is to (1) request contributions; (2) participate in fundraising activities for a committee; (3) serve as a committee’s chairperson, treasurer, or deputy treasurer; or (4) establish political committees for the sole purpose of obtaining contributions.

It generally does not include (1) making permitted contributions, (2) informing a person about a candidate’s or public official’s position, (3) providing notice about a candidate’s activities or contact information, (4) serving as a party committee member or officer as allowed by law, and (5) attending a fundraiser.

The bill additionally exempts electronically sharing a link to a fundraising website or an invitation to a fundraising event by a legislative caucus, legislative leadership, or party committee.

## **§ 2 — DISCLAIMER REQUIREMENTS**

*Modifies disclaimer requirements for certain political communications and advertisements by (1) modifying who must be listed in the disclaimer for certain committees, (2) generally*

*applying them to text messages, and (3) removing certain requirements to include a personal audio disclaimer for certain video communications or advertisements*

### ***Disclaimer Requirements***

Under state law, any written, typed, or printed communication (including online) from committees promoting a candidate's success or defeat, promoting or opposing a political party, or soliciting funds for a political party or a committee must generally include certain information. The disclaimer must include the words (1) "paid for by" followed by a specified individual name or address, depending on the approving entity, and (2) "approved by" followed by the candidate's name.

Current law specifies that all committees, other than party committees, must list the committee's and the treasurer's names after "paid for by." The bill eliminates the requirement that the treasurer be listed. In doing so, it requires these committees to list only the committee's name, as is the case for party committees under existing law.

Similarly, under current law, a political committee formed solely to promote the success or defeat of a referendum question must disclose the name of its treasurer in any written, typed, or printed communication promoting the referendum's success or defeat. The bill removes the requirement to include the treasurer's name but maintains existing law's requirement to include the name of the committee making the expenditure.

### ***Text Messages***

The bill extends existing law's disclaimer requirements for written, typed, or printed communications to include text messages. It also specifies that for text messages, displaying the required disclaimer in the initial text message or including a link in the message to a website where the disclaimer appears satisfies the requirement.

### ***Television and Internet Video***

Current law generally requires that television or Internet video advertising by a candidate or exploratory committee that promotes the

success or defeat of a candidate include a disclaimer at the end of the advertisement. The bill requires that this disclaimer occur during the advertisement instead of at the end.

It also eliminates the requirement that the advertisement include the candidate's voice and a simultaneous, personal audio message, in the following form: "I am .... (candidate's name) and I approved this message." Existing law, unchanged by the bill, requires the advertisement to include, for at least four seconds, a clearly (1) identifiable photo or similar image of the candidate making the expenditure and (2) readable printed statement identifying the candidate and indicating that he or she has approved the advertising. The advertisement must also include the candidate's name and image in the advertisement's narrative before its end.

### **§ 3 — SEEC AUDITS**

*Reduces the maximum percentage of candidate committees SEEC may audit after an election or primary from 50% to 20%; requires SEEC to complete the audits within 12 months after a committee is selected and report to the legislature on its compliance*

State law authorizes SEEC to audit candidate committees after elections and primaries for compliance with campaign finance laws. The bill reduces, from 50% to 20%, the maximum percentage of candidate committees that SEEC may audit as determined by a weighted lottery system. The bill also requires that the weighted lottery be duly noticed and open to the public.

The bill creates a deadline by which the commission must complete these audits and issue its findings. Specifically, an audit of a candidate committee must be completed within 12 months after the committee is selected.

Relatedly, the bill requires SEEC to submit a report to the Government Oversight Committee by January 1, 2026, and annually after that on any audits during the prior calendar year that it was not able to complete within the required period and the reasons for failing to do so.

### **§§ 4-6 — SEEC AUTHORITY**

*Subjects SEEC declaratory rulings, advisory opinions, and guidance documents to certain restrictions or oversight requirements; requires SEEC to publish a list of materials that treasurers must maintain and submit for audit compliance*

#### **SEEC Guidance Procedures (§ 4)**

Existing law generally authorizes SEEC to oversee and advise on state campaign finance laws. The bill explicitly requires SEEC to issue declaratory rulings under the Uniform Administrative Procedures Act. It also restricts SEEC from issuing declaratory rulings or advisory opinions on the CEP within 180 days of a state election. Under the bill, this restriction must not be construed to limit SEEC's ability to provide general guidance or clarification on the program.

#### **Submission of Certain Guidance Documents (§§ 4 & 6)**

Starting July 1, 2025, any new or revised SEEC guidance relating to campaign finance or the CEP and that is more than 40 pages long (or the equivalent for nonpaginated material) must be submitted to the Government Oversight Committee and four legislative leaders (the president pro tempore of the Senate, House speaker, and House and Senate minority leaders). The committee may hold a hearing within 30 days after the guidance's submission.

The bill applies these provisions to documents or materials providing general guidance on the state's campaign finance laws or laws regarding the CEP and any guidebooks, factsheets, FAQs, newsletters, and training modules, including presentation decks and slides. However, it does not apply to any regulations, declaratory rulings, or advisory opinions.

#### **List of Required SEEC Documentation (§ 5)**

The bill requires, starting January 1, 2026, that SEEC publish a complete and detailed list of all documentation and internal records that a treasurer of a qualified candidate committee is required to maintain and provide to SEEC in order to comply with an audit (see § 3 above). Additionally, SEEC must include this list in each guidance document for the CEP that is longer than 40 pages or the equivalent for nonpaginated material. The list must only include documentation and records required by statute, regulation, declaratory ruling, or advisory

opinion. The bill also specifies that treasurers may not be held liable for failing to maintain or provide items not on the list.

## **§§ 7 & 8 — CEP QUALIFYING CONTRIBUTIONS**

*Makes various changes regarding CEP qualifying contributions and aggregate fundraising amounts, including when and how they are adjusted for inflation, procedures for returning and reviewing nonqualifying contributions, and grant application requirements*

### ***Inflationary Adjustments (§ 7)***

By law, candidates qualify for the CEP by raising a certain number of qualifying contributions (QCs), which must come from individual donors. Individual QC amounts may range from \$5 to \$250.

To qualify for the CEP, a candidate must also raise an overall threshold amount of QCs from individual donors. The law also requires candidates for (1) governor and other statewide offices to raise a specified amount from state residents and (2) state legislators to receive contributions from a minimum number of people residing in their district. The aggregate threshold amounts specified in law vary depending on the office sought.

State law requires SEEC to adjust the maximum individual QC amount and the aggregate contribution amounts for inflation. For the 2024 election, the inflation-adjusted QC maximum was \$320. In practice, candidates may obtain QCs before these adjustments occur, but the candidates are limited to collecting the statutory maximum of \$250 until the adjustment goes into effect.

The bill requires that starting December 15, 2025, the adjusted individual QC amount continue to apply until SEEC makes its next inflationary adjustment. It also specifies that if the maximum QC amount would be lower after being adjusted for inflation, the adjustment must not take effect, and the maximum from the immediately preceding adjustment must be maintained.

Additionally, under current law, SEEC must (1) publish the adjusted QC and aggregate contribution amounts by January 15 in the year of the applicable election and (2) base the adjusted amounts on inflationary

changes from January 1 in a specified year through December 31 in the year before the adjustment must be made (e.g., through December 31, 2023, for the 2024 election).

Starting with the 2026 elections for legislative offices and the 2030 elections for statewide offices, the bill shifts these dates back 16 days and requires SEEC to publish the adjusted QC and aggregate contribution amounts by December 15 in the applicable year and base them on inflationary changes between December 1, 2016, to November 30 of the adjustment year.

### ***Return of QCs (§ 7)***

By law and unchanged by the bill, a contribution is not a QC if (1) it is from a principal of a state contractor or prospective state contractor, (2) it is less than five dollars, (3) the contributor does not provide his or her full name and address, (4) it is from an out-of-state resident to a candidate for statewide office and exceeds the applicable limit on out-of-state contributions, or (5) the contributor is under age 12.

If a candidate committee receives a contribution that does not meet the QC criteria, current law authorizes the committee's treasurer to either (1) return it to the contributor or (2) submit it to SEEC for deposit in the Citizens' Election Fund (CEF, which funds the CEP).

The bill instead generally requires treasurers to (1) return nonqualifying contributions if they were (a) received from state contractor principals, out-of-state residents, or underage children or (b) less than five dollars or (2) donate these nonqualifying contributions to a 501(c)(3) charitable organization. If the contribution is for five dollars or more and from a contributor who did not provide his or her full name and address, the treasurer must return the contribution, if practicable, or transmit it to SEEC for deposit in the CEF.

### ***Grant Applications (§ 8)***

Under existing law, candidates seeking a CEP grant must file an application with SEEC and provide a written certification of certain information, including that the applicant has complied with the law's



requirements for returning nonqualifying contributions. The committee must also submit a cumulative itemized accounting of all funds received, expenditures made, and expenses incurred but not yet paid, as of three days before the application's filing date.

The bill instead requires applicants to certify they have (1) whenever practicable, returned contributions of five dollars or more from a person who did not include their name and address; (2) taken reasonable efforts to return all other nonqualifying contributions; and (3) transmitted any excess contributions to the CEF.

### ***SEEC Review of Grant Application (§ 8)***

For QCs submitted to SEEC as part of a CEP grant application, the bill requires the commission to (1) notify the candidate committee about any contribution that does not meet the QC criteria and (2) return any nonqualifying contributions to the treasurer. Under the bill, SEEC must also cite the applicable statutory reason for its determination. For the purposes of deeming a contribution a qualifying contribution, the bill also establishes a rebuttable presumption that all information on a contribution certification form is accurate, which may only be rebutted by proof to the contrary based on the commission's prior investigative findings.

The bill prohibits the commission from disqualifying a contribution because the (1) residential and billing addresses associated with the contribution do not match or (2) contribution was made in response to an electronically shared link to a fundraising website or fundraising event invitation.

Under state law, when the commission approves a CEP grant application it must notify the state comptroller and the qualifying candidate committee about the total grant amount to be received. Generally, committees that apply 71 days or more before an election receive a full grant, while those that apply later receive a percentage of the full grant based on when they apply.

The bill requires the commission, when it notifies the comptroller, to

ensure and advise him that the qualified candidate committee is only entitled to the full grant if the committee has submitted (1) an affirmation, as part of its written certification, that the committee received the required QCs at least 71 days before the election and (2) a cumulative itemized accounting that demonstrates the committee reasonably believes the certification to be accurate (see above).

## **§ 9 — LIVESTREAM OF COMMISSION MEETINGS**

*Requires SEEC to livestream its meetings*

The bill requires all SEEC meetings noticed under the Freedom of Information Act to be livestreamed on an Internet website included in the meeting's notice. The website may not require any member of the public to (1) create an account to access the site or (2) take action to reconnect to the meeting if the commission goes into executive session. The bill specifies that this does not require broadcasting an executive session of the commission.

## **§ 9 — APPOINTMENT OF SEEC EXECUTIVE DIRECTOR**

*Creates a legislative advice and consent process for the SEEC executive director position, including filling any vacancies*

Under current law, SEEC may hire employees needed to administer the state's campaign finance laws, including its executive director. The bill establishes a legislative appointment process for the executive director position, including when it is vacant.

Under the bill, by March 1, 2027, and every four years after that, the commission must appoint a person to serve at its pleasure for up to a four-year term, unless reappointed for additional terms. The appointment must be approved by the Senate and the House of Representatives.

SEEC must submit a nomination for the executive director position to the legislature by February 1, 2027, and then every four years after that. Then both chambers must immediately refer the nomination to the Executive and Legislative Nominations Committee, which must report, by resolution, on the nomination within 15 days after its referral to the committee.

Both legislative chambers must either confirm or reject the nomination through a resolution. If approved by both, the nominee must take office on March 1 of the year his or her appointment was submitted.

If either legislative chamber rejects the nominee before March 1, or if the position becomes vacant during the regular legislative session, the commission must submit a nominee within 30 days after the rejection or vacancy occurring. The legislature must follow the regular appointment process for approving the nominee, except the committee resolution must be made within 15 legislative days instead of calendar days as under the initial process. If the nominee is approved by a resolution within 30 calendar days after the submission, he or she serves at the commission's pleasure, but for no longer than the original appointment's remaining term of office. If the legislative body rejects the nomination within that period, SEEC must generally submit a new nomination.

If a nomination is submitted less than 30 days before the General Assembly's constitutionally required adjournment date and it does not act on the nomination, or if a vacancy occurs while the legislature is not in session, then the commission may fill the position until the sixth Wednesday of the next regular legislative session. At the beginning of that session, SEEC must submit a nominee, and the legislature must follow the process outlined above for when a vacancy occurs during a regular session.

The bill prohibits someone who was nominated and rejected by the legislature from serving as executive director during the legislative term in which he or she was rejected.

## **§§ 10 & 11 — CONTRIBUTION AND EXPENDITURE EXEMPTIONS**

*Increases the amount an individual or group may spend on certain events for invitations, food, and beverages without being subject to certain campaign finance requirements*

Generally, state law subjects "expenditures" and "contributions" by candidate, party, and political committees to campaign finance reporting requirements, with certain exemptions. These exemptions

include certain amounts spent by an individual on behalf of any candidate or committee for invitations, food, and beverages served at the individual's residence or a community room in the facility in which they reside. The invitation, food, and beverage may be provided on behalf of a candidate committee, regardless of CEP participation, and party, political, or slate committees.

Under current law, the exempted amount for an individual may not exceed \$400 for a single event and \$800 for the calendar year or a single election. Current law also exempts up to \$800 for any event hosted by two or more individuals, subject to the cumulative total noted above, if they own or reside at the residential premises.

The bill increases the maximum for a single event by \$100, to \$500. It also increases the cumulative maximum and the maximum for joint events by \$200, to \$1,000.

## **BACKGROUND**

### ***Related Bills***

SB 515 (File 478), favorably reported by the Government Oversight Committee, makes changes to the inflationary adjustment procedures for QCs.

SB 1407 (File 491), favorably reported by the Government Oversight Committee, makes changes to the procedures for auditing candidate committees after an election or primary.

HB 7089 (File 512), favorably reported by the Government Oversight Committee, makes changes to the inflationary adjustment procedures for QCs and amends the definitions of the terms "organization expenditure" and "solicit."

HB 7222 (File 690), favorably reported by the Government Administration and Elections (GAE) Committee, makes changes to the inflationary adjustment procedures for QCs and amends the definitions of the terms "organization expenditure" and "solicit."

HB 7246 (File 696), favorably reported by the GAE Committee, makes

similar changes to the bill's provisions.

**COMMITTEE ACTION**

Government Oversight Committee

Joint Favorable

Yea 12 Nay 0 (03/18/2025)

Appropriations Committee

Joint Favorable

Yea 33 Nay 15 (05/12/2025)