

1 Amend 2 Cal. Code Regs., Section 18404.1 to read:

2 **§ 18404.1. Termination and Reopening of Committees Organized for Elective Office.**

3 (a) 24-Month Termination. When a candidate controlled committee organized for elective
4 state office, or for an elective city or county office subject to the contribution limit in Section
5 85301(d), has no “net debts outstanding” as defined in Regulations 18531.6(d), 18531.61(b)(3),
6 18531.63(e), ~~and or~~ 18531.64(b)(3), respectively, the committee must be terminated as set forth
7 in Regulation 18404(b) and (c) no later than 24 months after the earliest of the date the candidate
8 is defeated, leaves office or the term of office for which the committee was formed ends or, for
9 withdrawn candidates no later than 24 months after the election from which the candidate
10 withdrew.

11 (b) Campaign Bank Accounts. On or before termination of the candidate controlled
12 committee, the campaign bank account associated with that committee must be closed. No
13 further activity, including receipt of contributions or making of payments, is allowed after the
14 date of the termination of the committee unless the committee and a campaign bank account are
15 reopened pursuant to this regulation, ~~or the committee is accepting a refund under subdivision~~
16 ~~(g)(1)(A)-(C) of this regulation.~~ Contributions received while a committee is closed must be
17 returned to the contributors. Contributions received by a committee reopened in accordance with
18 this regulation are subject to the limits applicable to the election for which the committee was
19 originally formed as well as Regulations 18531.6, 18531.61 and 18536.

20 (c) Local Committees. Candidates who are elected to an elective state office, or to an
21 elective city or county office subject to the contribution limit in Section 85301(d), must
22 terminate any controlled committees formed for local elections held concurrent with or prior to

1 their election to that office. Such termination shall be pursuant to Regulation 18404 within 24
2 months of the candidate's election to that office.

3 (d) Creditors' Notice. The committee shall give at least 60 days notice of its impending
4 termination to all creditors. Such notice shall include the date upon which the committee expects
5 to file its terminating statement of organization.

6 (e) Requests for Extensions. A committee may, for good cause, seek from the Executive
7 Director an extension of time to comply with the committee termination requirements of this
8 regulation. Such a request shall be submitted to the Executive Director prior to the original due
9 date for the committee's termination, and shall include evidence of good cause for the request.

10 (f) Local Candidate Controlled Committees. This regulation does not apply to local
11 candidate controlled committees, except as provided in subdivision (c) ~~and subdivision~~
12 ~~(g)(1)(A)-(C) of this regulation~~, and those candidate controlled committees organized for an
13 elective city or county office subject to the contribution limit in Section 85301(d).

14 (g) Reimbursement or Return of a Security Expense. The following requirements apply
15 to any committee subject to termination under subdivision (a) or (c) that has used campaign
16 funds for a security expense that must be returned or reimbursed:

17 (1) A committee that must receive a return or reimbursement for a security expense paid
18 for by the committee under Section 89517.5(c)(2)(A) must complete the return or reimbursement
19 prior to termination.

20 (2) A committee that must receive a return or reimbursement for a security expense paid
21 for by the committee under Section 89517.5(c)(2)(B) is not required to receive the return or
22 reimbursement prior to the required 24-month termination. However, if a committee terminates

1 prior to the return or reimbursement, the committee must request to be reopened under
2 subdivision (h) in order to receive the required return or reimbursement at the time it is due.

3 (h) ~~(g)~~ Reopening of Terminated Committees. A committee subject to the requirements
4 of this regulation may request to be reopened for good cause shown and in order to further the
5 disclosure requirements or contribution limits applicable to the committee. A reopened
6 committee is subject to all of the committee filing requirements of this title that were applicable
7 to the committee prior to termination.

8 (1) The authority to approve a request to reopen a committee is delegated to the
9 Commission's Executive Director or the Executive Director's designee. The request must state
10 the committee's purpose for the request, include evidence of good cause, and establish:

11 (A) The committee's lack of knowledge of the payment, refund, expense, or fine prior to
12 termination; or

13 (B) That the reopening is to receive a return or reimbursement for a security expense
14 under Section 89517.5(c)(2)(B).

15 (2) The process for consideration is as follows:

16 (A) Within 15 days after a request is received by the Executive Director, the committee
17 shall be notified in writing of the Executive Director's decision. The decision must specify either
18 the purpose for reopening the committee and a timeline for reopening or the reason for the
19 denial.

20 (B) All requests and responses will be posted on the Commission's website.

21 (C) Within 20 days of posting, the committee may request that the Commission
22 reconsider the Executive Director's decision. The Chair will consider the request and schedule

1 the matter for consideration by the Commission if, in the Chair's discretion, good cause exists for
2 reconsideration.

3 ~~submit a request to the Executive Director of the Fair Political Practices Commission to~~
4 ~~reopen for any of the following reasons:~~

5 ~~(1) To receive a refund or similar payment received after termination of the committee,~~
6 ~~except as provided in subdivision (g)(1)(A)-(C);~~

7 ~~(A) A state or local candidate controlled committee, including city and county candidate~~
8 ~~controlled committees subject to the contribution limit in Section 85301(d), that has terminated~~
9 ~~may accept a refund from a governmental entity without reopening. A state or local committee,~~
10 ~~including city and county candidate controlled committees subject to the contribution limit in~~
11 ~~Section 85301(d), that has terminated may accept a refund from a vendor or other person without~~
12 ~~3 reopening if the committee did not know of its entitlement to the refund prior to termination~~
13 ~~and the refund or refunds total no more than \$10,000.~~

14 ~~(B) A refund allowed by subdivision (g)(1)(A) may only be transferred to a committee~~
15 ~~that would have been lawfully allowed to receive funds from the terminated committee prior to~~
16 ~~termination. A committee receiving a refund under subdivision (g)(1)(A) is not required to place~~
17 ~~the refund in its bank account if transferring the refund to another committee.~~

18 ~~(C) A refund allowed by subdivision (g)(1)(A) must be reported as follows: The~~
19 ~~terminated committee must file a campaign statement for the period in which any refund was~~
20 ~~received by the committee and report the refund as a miscellaneous increase to cash on the~~
21 ~~campaign statement and as an expenditure when the funds are used. In the case that the funds are~~
22 ~~transferred to a new committee, this transfer must be reported as an expenditure on the~~
23 ~~terminated committee's campaign statement. If attribution is required under Section 85306, the~~

1 ~~committee to which a refund is transferred must report the receipt of funds as a contribution and~~
2 ~~attribute as required by Section 85306. If attribution is not required, the committee to which a~~
3 ~~refund is transferred must report the receipt of funds as a miscellaneous increase to cash on its~~
4 ~~campaign statement covering the period in which the funds were transferred.~~

5 (3) Acceptable purposes for reopening may include the following:

6 (A) To receive a payment or refund unknown at termination.

7 (B) To pay a debt unknown at termination, including:

8 (i)(2) To pay a fine as permitted under Section 89513(c);

9 (ii)(3) To pay expenses incurred in connection with an audit or investigation of the
10 committee under this title;

11 (iii)(4) To pay litigation expenses as permitted under Sections 89513 and 89514, other
12 than expenses subject to Section 85304 and Regulation 18530.4;

13 (iv) To return public money received by the committee for the purpose of seeking
14 elective office from a dedicated fund pursuant to Section 85300.

15 (C) To accept a return or receive reimbursement for a security expense required under
16 Section 89517.5(c)(2)(B).

17 ~~(5) For any other good cause shown that would further the disclosure requirements or~~
18 ~~contribution limits of this title.~~

19 (i)(4) Permissible Expenditures. Expenditure of a refund or similar payment under this
20 regulation must be made consistent with Sections 89510-89519, as applicable, including
21 payment of debts that the committee declared it had no intention or ability to discharge under
22 Regulation 18404. In addition, the reopening of a committee to receive payments and make
23 expenditures must be in compliance with Sections 85316 and 85321 and Regulations 18531.6

1 and 18531.61. A determination by the Executive Director under this regulation does not
2 constitute a determination regarding the applicability of the statutes and regulations referenced in
3 this subdivision.

4 ~~(j)(i)~~ Procedures for Reopening Terminated Committees. In order for the committee's
5 reopening to be effective, the committee must:

6 ~~(1) Request and receive approval to reopen the committee from the Executive Director as~~
7 ~~specified in this subdivision. The purpose(s) for requesting the reopening of the committee must~~
8 ~~be included in the request. Within 15 days after a request is received by the Executive Director,~~
9 ~~the requestor shall be notified in writing of the decision of the Executive Director. In denying or~~
10 ~~granting the request, the Executive Director shall consider whether the proposed purpose(s) for~~
11 ~~reopening the committee are as specified in subdivision (g) of this regulation, and specify the~~
12 ~~purpose(s) for reopening the committee in the notification if the request is granted. If the request~~
13 ~~is denied, the notification shall state the reason for the denial and advise the requestor of the right~~
14 ~~to appeal the decision to the Chairman within 10 days after the date of the transmittal of the~~
15 ~~denial notification. Any such appeal shall:~~

16 ~~(A) Be submitted to the office of the Executive Director either in person, by fax, or by~~
17 ~~overnight delivery service;~~

18 ~~(B) Include all material, if any, submitted with the original request to reopen supporting~~
19 ~~any of the permissible reasons for reopening as set forth in subdivision (g) of this regulation~~
20 ~~upon which the committee is basing its request; and~~

21 ~~(C) Directly address the reasons for the denial of the request stated in the Executive~~
22 ~~Director's notification to the committee. The Chairman's decision shall be final, and may not be~~
23 ~~appealed to the Commission.~~

1 (1)(2) File an amendment to Form 410 (Statement of Organization) in accordance with
2 Section 84101 declaring the committee's reopening with the Secretary of State and include with
3 written authorization from the ~~Executive Director~~ Commission granting the reopening of the
4 committee;

5 (2)(3) Mark "Amendment" on the Form 410 and list the committee's original
6 identification number and name;

7 (3)(4) Include the word "Reopened" in parentheses after the committee name on the
8 Form 410; and

9 (5) File a copy of the amended statement of organization with the local filing officer, if
10 any, with whom the committee is required to file the originals of its campaign reports pursuant to
11 Section 84215.

12 ~~(j) Filing Requirements. A reopened committee is subject to all of the committee filing~~
13 ~~requirements of this title including those specified in subdivision (i) of this regulation.~~

14 (k) Termination of Reopened Committees. Unless the Executive Director specifies a date
15 of termination in the notification, a reopened committee must terminate pursuant to the
16 requirements of Regulations 18404(b) and (c) within 30 days of the date the specified purpose(s)
17 for which the committee was reopened ceases to exist. The Executive Director may specify in the
18 notification the projected date of completion and the date of termination for the reopened
19 committee. If the reopened committee requires additional time before terminating ~~for a purpose~~
20 ~~or purposes other than specified in its initial request for reopening under subdivision (i), or the~~
21 ~~Executive Director specifies a date of termination in the notification and the reopened committee~~
22 ~~requires additional time to complete the original reopening purpose, then the committee must~~
23 reapply for and receive approval of the Executive Director under the same procedures and

1 timelines set forth in subdivision ~~(i)(1)~~ (e) prior to the termination date for the reopened
2 committee.
3 (Note: Authority cited: Section 83112, Government Code. Reference: Sections 84102, 84103,
4 84214, 84215, 85301, ~~and~~ 85702.5, and 89517.5 Government Code.