Adopt 2 Cal. Code Regs., Section 18404.1 to read:

§ 18404.1. Termination of Section 82013(a) Committees, 24-Month Mandatory Terminations, and Accepting Refunds after Termination.

(a) Requirements for Termination. Except for committees described in subdivision (b), (c), or (g), a committee that qualifies pursuant to Section 82013(a) may terminate the committee if the committee has:

(1) Ceased receiving contributions and making expenditures and does not anticipate any further activity;

(2) Eliminated all of its debts, loans received, and other obligations or declares that it has no intention or ability to discharge these items;

(3) Received the return or reimbursement for a security item or system paid for by the committee as required under Section 89517.5(c); or due to a continuing security threat under Section 89517.5(c)(2)(B), the return or reimbursement for a security expense paid is not yet due.

(4) No remaining or surplus funds; and

(5) Filed all required campaign reports disclosing all reportable transactions, including the disposition of any remaining or surplus funds, or any returns or reimbursements for security items.

(b) Mandatory Termination for Committees subject to the State Campaign Contribution Limits.

(1) This termination requirement applies to the following committees:

(A) A candidate controlled committee organized for an elective state office,

(B) A candidate controlled committee for an elective city or county office subject to the contribution limit in Section 85301(d).

(2) When a committee listed in subdivision (b)(1) has no net debts outstanding as defined in Regulations 18531.6(d), 18531.61(b)(3), 18531.63(e), and 18531.64(b)(3), the committee must be terminated as set forth in subdivision (a) no later than 24 months after: the earliest of the date the candidate is defeated, leaves office or the term of office for which the committee was formed ends or, for withdrawn candidates, after the election from which the candidate withdrew.

(3) The committee must provide a 60-day Creditors' Notice of its impending termination to all creditors, which states the date the committee expects to file its terminating statement of organization prior to termination.

(4) The committee must close its campaign bank account prior to termination.

(c) Mandatory Termination of Local Candidate Controlled Committees. Candidates who are elected to a state office or to an elective city or county office subject to the contribution limit in Section 85301(d) must terminate any controlled committees formed for local elections held concurrent with or prior to their election to that office. Such termination shall be pursuant to subdivision (a) and made within 24 months of the candidate's election to that office.

(d) Requests for Extensions. Prior to the original due date for termination, a committee may submit a request to the Commission to extend the time to comply with the mandatory 24-month committee termination requirement for good cause supported by evidence to substantiate the request. The Commission delegates this authority to grant an extension to the Commission's Executive Director or the Executive Director's designee.

(e) Filing of Committee Terminations and Return of Contributions After Termination. The committee shall terminate with the Secretary of State. The termination must be filed pursuant to Section 84103(a) and verified by the committee's treasurer as required by Section 81004(b). Except as provided below in subdivision (f) regarding refunds, no further activity, including receipt of contributions or making of payments, is allowed after the date of the termination of the committee unless the committee reopens pursuant to Regulation 18404.3. Contributions received after the committee's termination must be returned to the contributors.

(f) Terminated Committees: Limited Acceptance, Reporting, and Transferring of Refunds. A committee terminated under this regulation may accept a refund without reopening the committee if (1) – (4) are met:

(1) The refund is:

(A) From a government entity;

(B) From a vendor or other person, totals no more than $10,000, and was unknown prior to termination; or

(C) For a security item under Section 89517.5(c)(2)(B) that totals no more than $10,000 in value.

(2) The refund is either:

(A) Transferred to a committee that would have been lawfully allowed to receive funds from the terminated committee prior to termination. The terminated committee receiving the refund is not required to place the refund in its bank account if transferring the refund to another committee; or

(B) Endorsed to an entity that is a permissible recipient for the expenditure of the terminated committee's funds and expended consistent with Sections 89510-89518 for non-candidate controlled committees, and Section 89519 regarding surplus funds for candidate controlled committees, including payment of debts that the committee declared it had no intention or ability to discharge at termination.

(3) The refund must be reported as follows: The terminated committee files a campaign report for the period in which any refund was received by the committee and reports the refund as a miscellaneous increase to cash and as an expenditure when the funds are used. Where the funds are transferred to a new committee, this transfer must be reported as an expenditure on the terminated committee's campaign report.

(4) For a transfer of funds, if attribution is required under Section 85306, the committee receiving the transferred refund must report the funds as a contribution and attribute as required by Section 85306. If attribution is not required, the committee receiving the transferred refund must report the funds as a miscellaneous increase to cash on its campaign report for the period in which the funds were transferred.

(g) The termination provisions of this regulation do not apply to the following:

(1) A recipient committee established by a "target officer" in a recall election subject to Section 85301(d), which must terminate pursuant to Section 85315(b) and Regulation 18531.5(d),

(2) An elected state officeholder committee, which terminates pursuant to Regulation 18531.62.

(3) A multipurpose organization that is a recipient committee pursuant to Section 84222(c)(5), which terminates pursuant to Section 84222(e)(1)(B) and Regulation 184222(b)(3).

(Note: Authority cited: Section 83112, Government Code. Reference: Sections 81004, 82013, 84103, 84214, 84215, 85301, 85306, 85702.5, and 89510-89519 Government Code.)