

Legislative History for Connecticut Act

PA 14-78

SB455

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2014**

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PART 19
6233 – 6539**

Seeing no objections, so ordered.

Will the Clerk please call Calendar 521.

THE CLERK:

On Page 31, Calendar 521, favorable report of the Joint Standing Committee on Finance, Revenue, and Bonding, AN ACT CONCERNING THE CITIZENS' ELECTION FUND.

SB455

SPEAKER SHARKEY:

Representative Jutila.

REP. JUTILA (37th):

Thank you, Mr. Speaker.

I move acceptance of the Joint Committee's favorable report and passage of the bill in concurrence with the Senate.

SPEAKER SHARKEY:

The Question is on acceptance of the Joint Committee's favorable report and passage of the bill in concurrence with the Senate.

Will you remark, sir?

REP. JUTILA (37th):

Thank you, Mr. Speaker.

This bill will provide so-called "overdraft protection" in the event that there are insufficient funds in the Citizens' Election Fund in order to provide grants to all candidates this year who qualify.

Mr. Speaker, there are two possible ways that

there can be an insufficiency. The first is that the fixed amount that's statutorily required to be deposited in the fund is not sufficient. The current law already provides overdraft protection in that case.

The second way that this can occur is that, even if there is a sufficient amount in the ESCHEAT fund in order to cover the statutory deposit, there may not be a sufficient amount to cover all the candidates who apply for grants. This bill will address that problem by providing additional overdraft protection.

Mr. Speaker, the Clerk has an amendment. It's LCO 5060. I would ask that the Clerk call the amendment, and that I be given leave to summarize.

SPEAKER SHARKEY:

Would the Clerk please call LCO 5060, which had been previously designated Senate Amendment "A"?

THE CLERK:

Senate "A" 5060, as introduced by Senator Musto and Representative Jutila.

SPEAKER SHARKEY:

The gentleman has sought leave of the Chamber to summarize.

Is there objections?

Seeing none, you may proceed with summarization, sir.

REP. JUTILA (37th):

Thank you, Mr. Speaker.

This is Senate Amendment "A" that passed in the Senate. And what it does is clarify some of the language in the original bill, and most importantly, it provides a mechanism for repayment of those amounts that would be paid to provide the over -- the overdraft protection. And it would do this by withholding future amounts that are statutorily required to be taken from the ESCHEATS and deposited into the Citizens' Election Fund.

Mr. Speaker, this is really just a timing or cash management issue. There ultimately will be no cost to the state. This year is a bit of an unusual situation in that there are multiple statewide candidates who are expected to apply for grants. It may exceed the amounts that are in the fund, so we temporarily need some cash flow. And this bill, as amended, will do that, and I urge adoption of the amendment.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark on Senate
Amendment "A".

Representative Hwang.

REP. HWANG (134th):

Thank you, Mr. Chair.

One quick question for the proponent of the bill.

SPEAKER SHARKEY:

Please proceed, sir.

REP. HWANG (134th):

Could the good Chair share with us how the ESCHEAT fund is gained?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Jutila.

REP. JUTILA (37th):

Yes, Mr. Speaker.

Excellent question from the -- from the good Ranking Member. The ESCHEATS come from the sale of abandoned property, and that is where we get the funds that are statutorily required to be deposited periodically in the Citizens' Election Fund.

SPEAKER SHARKEY:

Representative Hwang.

REP. HWANG (134th):

Thank you, Mr. Chair -- Speaker.

I want to thank the good Chair for his answer, and more importantly, for his good work. And I want to thank the State Election Enforcement Commission for their input.

When we talk about the Citizens' Elections program, whether you're supportive of it or not, we

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have used it, and shown as an example in this state that clean elections can be done and done effectively. So I urge support of this bill.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark? Would you care to remark further on Senate Amendment "A"?

Representative Labriola.

REP. LABRIOLA (131st):

Thank you, Mr. Speaker.

I just simply want to point out that this bill provides for a mechanism for the Citizens' Election Program to be funded through corporate business tax revenues in these shortfall situations. So I've been a long opponent -- longtime opponent of the Citizens' Election Program, and this funding mechanism is simply a terrible idea, so I'd ask my colleagues to oppose this bill.

Thank you.

SPEAKER SHARKEY:

Thank you, sir.

Do you care to remark further on Senate Amendment "A"?

If not, let me try your minds.

All those in favor of Senate Amendment "A", please signify by saying aye.

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REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

Those opposed, nay.

REPRESENTATIVES:

Nay.

SPEAKER SHARKEY:

The ayes have it. The amendment is adopted.

Do you care to remark further on the bill as amended? Do you care to remark further?

If not, staff and guests to the Well of the House. Members take your seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll.

Will members please return to the Chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted?

Members please check the board to make sure your vote is properly cast.

If all the members have voted, the machine will be locked, and the Clerk will take a tally.

Will the Clerk please announce the tally?

THE CLERK:

Senate Vote 5 -- excuse me -- 455, as amended
by Senate "A", in concurrence with the Senate.

Total Number Voting	142
Necessary for Passage	72
Those Voting Yea	102
Those Voting Nay	40
Those Absent and Not Voting	9

SPEAKER SHARKEY:

The bill as amended passes in concurrence with
the Senate.

Will the Clerk please call Calendar 469.

THE CLERK:

On Page 22, Calendar 469, favorable report of
the Joint Standing Committee on Appropriations,
Substitute Senate Bill 24, AN ACT CONCERNING THE
GOVERNOR'S RECOMMENDATIONS REGARDING ELECTRONIC
NICOTINE DELIVERY SYSTEMS AND YOUTH SMOKING
PREVENTION.

SPEAKER SHARKEY:

Representative Urban.

REP. URBAN (43rd):

Thank you, Mr. Speaker.

I move acceptance of the Joint Committee's
favorable report and passage of the bill in
concordance with the Senate.

SPEAKER SHARKEY:

The Question is on acceptance of the Joint

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THE CLERK:

On page 42, Calendar 351, Senate Bill Number 455,
AN ACT CONCERNING THE CITIZENS ELECTION FUND,
favorable report of the Committee on Government
Administration and Elections.

THE CHAIR:

Senator Musto, good evening, sir.

SENATOR MUSTO:

Good evening, Madam President. Thank you.

Madam President, I move the joint committee's
favorable report and passage of the bill.

THE CHAIR:

The motion is on acceptance and passage. Will
you remark, sir?

SENATOR MUSTO:

Yes, Madam President.

The first order of business with this bill is to
request an amendment. I believe the Clerk is in
possession of LCO Number 5060. I would ask the
Clerk to call that amendment and that I be
allowed to waive reading and summarize the
amendment.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 5060, Senate "A," offered by Senator
Musto and Representative Jutila.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Yes, Madam President, I move the amendment.

THE CHAIR:

The motion is on adoption. Will you remark, sir?

SENATOR MUSTO:

Yes, Madam President.

The amendment does one thing that was raised in the Finance Committee when we discussed this bill in finance. It says that specifically if any funds are deposited into the Citizens' Election Fund from the corporate tax, that the result of that will be that the funds that are later deposited from the escheats will be reduced by an equal amount.

That will result in the escheats going back into the general fund. So in essence the general fund will be paid back by the future escheats. That was an issue that was, again raised in finance that people had some concerns where the language was specific enough. I believe this amendment now makes it specific enough and I would ask for the chamber's indulgence in adopting this amendment.

THE CHAIR:

Will you remark? Will you remark?

If not, can I try your minds? All on Senate "A," all of you please say, aye, if you agree with the amendment.

SENATORS:

Aye.

THE CHAIR:

Opposed?

SENATORS:

No.

THE CHAIR:

Ayes have it. Senate "A" is adopted.

Senator Musto.

SENATOR MUSTO:

Yes, Madam President.

The bill as adopted does essentially what I said the amendment did, because that was really mostly the most -- although it wasn't a strike-all, it was the majority of the bill. It allows the State Election Enforcement Commission to declare a deficiency the CP fund during an election cycle.

This year we have several primaries, specifically -- especially rather for governor. The fund is being currently funded, but there is some question about the timing of the escheats, whether they'll come in, in time to make all the grants full, in full. Anyone who uses the fund, I know many of us do -- perhaps almost all of us do -- or supports one of the candidates who is using the fund, especially in one of the primaries, for those people the users and the supporters of this fund, this is an important bill.

We may not need it. We may simply not need it, and it would be great if we not because that would mean that the escheats came in, in a timely manner and maybe some of them primaries got shaken out so there wouldn't be so much -- so many of them eating up the money.

But if we do need it, this ensures that everyone will still be able to use the clean elections fund, will have a fair shot at getting those funds so that we can in fact run free and fair elections, clean, rather, and fair elections.

And it gives everybody an even playing field, as the original CP program was designed to do.

And for that reason, Madam President, I urge the chamber's adoption.

THE CHAIR:

Will you remark? Will you remark?

Senator McLachlan, good evening, sir.

SENATOR MCLACHLAN:

Good evening, Senator. Welcome home.

THE CHAIR:

Thank you.

SENATOR MCLACHLAN:

I stand for the purpose of a question to the proponent of the amendment.

THE CHAIR:

Please proceed, sir.

SENATOR MCLACHLAN:

Thank you. Thank you, Madam President.

Senator Musto, the citizen election fund had a, what some would call a firewall built into the system and that if there came a point in time when the unclaimed property fund was unable to produce enough revenue to the citizen election fund, that the citizen election fund would sustain a partial cut proportionately to all the candidates' grants.

How does this new proposal change that firewall that has existed since the citizen election program was adopted by the General assembly.

Through you, Madam President?

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Yes. Thank you, Madam President.

As you say, that that is not really part of this bill and I'm, as I understand it -- well, I think to answer your question, if there's not enough money in the fund current law requires -- current law says that the corporate tax will be deferred to the fund if a deficiency is declared prior to January 1st. What this does is allow the deficiency to be declared during the election cycle.

So to the extent that a deficiency is declared and money is put into the fund to bring that up, there would be no deficiency at that point. And so that part of the law that states that there could be a cutting of the grants, et cetera, as you point out, would mostly not apply because they would no longer be needed.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR COLEMAN:

Thank you, Madam President.

Thank you, Senator.

For further clarification, it's my understanding that if no change is made to the citizen election fund program now there is a point in time where the citizen election fund administrator must declare whether or not they are able to satisfactorily provide enough grants to all of the candidates.

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And if they are unable to provide enough funds to all of the candidates, they have to notify the candidates of a proportionate cut in the grant. And so that's a fixed date and time. What is that fixed date and time in current statute?

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

January 1st, Madam President. Through you.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

So we are now May 2nd, through you, Madam President. We are now May 2nd, and the citizen election fund has not notified anyone of a change or a potential decrease in the grant. So as it stands today, are they able to legally notify candidates of a change in grants beyond January 1st?

Through you, Madam President.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Thank you, and through you, Madam resident.

Again to Senator McLachlan, if there is a deficiency that is then funded there would be no deficiency. So there is no need, necessity to make any such notification. I would also direct Senator McLachlan to section two of the bill -- and excuse me, my papers are little bit in disarray here. I was caught a little bit

offguard. But --

THE CHAIR:

Would you like to stand at ease, sir?

SENATOR MUSTO:

If we could stand at ease for one second, yes.

Thank you, Madam President.

THE CHAIR:

The senate will stand at ease.

(Chamber at ease.)

THE CHAIR:

The Senate will come back to order.

SENATOR MUSTO:

Yes, thank you, Madam President. And Senator McLachlan, through you, Madam President, to Senator McLachlan.

Current law, as you've ask is that the deficiency must be declared, as we said, on January 1st of each year and that the notification shall be three days thereafter. So since no deficiency was declared there's been no notification by January 3rd, maybe January 4th, depending on how you read it.

And at this point, whether it's legal or not is something I wouldn't hazard a guess. I don't think it's been declared, but it would seem that based on the current law.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President, and through you, to Senator Musto.

Was it incumbent upon the citizen election fund administrator to make some sort of a statement that they would run short this year on January 1st?

Through you, Madam President.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Thank you.

Through you, Madam President. I don't believe there -- I don't believe so. I think in order to require such a statement they would have had to declare a deficiency or determine a deficiency. And if no deficiency was determined I do not recall myself what -- who had declared at that time for any particular race, how many people they thought were going to be taking advantage of the citizens election program, et cetera.

So they may not have had the information at the time, which could have been our fault when we drafted the language. January 1st might be a bit too early, which is again the purpose of this bill.

So it's likely I think at the time that they just simply did not know whether there was a deficiency or would be a deficiency. And so I can't really speculate as to what they knew when. I just don't know the answer to that.

Through you, Madam President.

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THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

THE CHAIR:

Oops, I'm sorry, Senator McLachlan.

Senator Looney, why do you stand, sir?

SENATOR LOONEY:

Thank you, Madam President.

If this item might be passed temporarily. We will return to it shortly but first would ask the Clerk to read the items on the Consent Calendar so that we might proceed to a vote on the Consent Calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On today's Consent Calendar, page 4, Calendar 292, Senate Bill 438; on page 7, Calendar 335, House Bill 5149.

On page 12, Calendar 392, Senate Bill 261; Calendar 400, Senate Bill 155; Calendar 409, Senate Bill 491.

And on page 33, Calendar 45, Senate Bill 14.

On page 34, Calendar 130, Senate Bill 45; also on page 34, Calendar 133, Senate Bill 179; Calendar 100, Senate Bill 55.

On page 37, Calendar 195, Senate Bill 61; page 40, Calendar 271, Senate Bill 194; and on page 41, Calendar 285, Senate Bill 464.

If we might return to calendar page 42, Calendar 351.

THE CHAIR:

Mr. Clerk, can you -- do you have to recall that again with Senate "A" already adopted?

THE CLERK:

Yes.

THE CHAIR:

Thank you. Please proceed, sir.

THE CLERK:

On page 42, Calendar 351, Senate Bill Number 455, AN ACT CONCERNING THE CITIZENS ELECTION FUND, favorable report of the Committee on Government Administration and Elections. Senate "A" has been adopted.

THE CHAIR:

Senator Musto, I'm not sure if I stopped you or Senator McLachlan.

SENATOR MUSTO:

I was about to say, Madam President, I was in the middle of being asked a question by Senator McLachlan.

THE CHAIR:

Senator McLachlan, I apologize. I'll recognize you first, sir.

SENATOR MCLACHLAN:

Thank you, Madam President.

Through you, Madam President to Senator Musto.

We were talking about what is the process for the

citizens' election fund administrator to determine, under previous law, to determine if there was a deficiency in the fund. And, as I recall, Senator Musto responded that it was January 1st was the day in which they were to make that determination and he, as I recall, was beginning to elaborate on that answer.

Through you, Madam President

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Thank you, Madam President. Through you, to Senator McLachlan.

That is correct. It is January 1st. In the current, the current law is found in the bill at -- the underlying bill at line 27 and following. And simply put, not later than January 1st, the commission shall determine whether the amount of money is sufficient or, as we're calling it, determinant insufficiency.

The law is that they have to declare whether it's sufficient to carry out the purpose of the chapter, and then further law goes into what happens when they do. They have to determine the percentage of the fund's obligations that can be met.

Item 2 is they have to recalculate each payment, as Senator McLachlan alluded to earlier. And item 3 is notify the committee, which he also alluded to earlier.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

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Thank you, Madam President. Through you, to Senator Musto.

Senator, did you receive notification from the citizen election fund on or about January 1st that we would have a deficiency this year?

Through you, Madam President.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Thank you, Madam President, and through you. I have not received any notification at any time from the Citizens' Election Fund or SEEC, who administers the Citizens' Election Fund, that there would be in fact a deficiency.

This bill came to us from SEEC because, again there were several primaries be waged both at the statewide office level and that the State Senate/State Representative office level. And because of the promulgation of these primaries and the increase in the number of people participating in them who are going to participate in the fund, SEEC is somewhat concerned, that is the State Election Enforcement Commission, SEEC is somewhat concerned that there might be a deficiency, hence the reason for that bill.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. Thank you, Senator Musto.

So we don't have an official notification. We just have a worry that there's a shortfall.

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Through you, Madam President.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Thank you, Madam President, through you.

That is correct.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

Senator Musto, how much is the deficiency projected to be even though they have not officially notified of this of that official deficiency?

Through you, Madam President.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Madam President, through you to Senator McLachlan.

I do not know that there is a deficiency at this time. The question is whether there's going to be a deficiency in the same way that I mentioned the number of candidates in the primaries was being increased over the last few months. And again, I'm not sure when people come in and out.

There is of course the possibility that one or more candidates, one or more primaries will drop off. And if that's the case then that money will not be spent. People, for example, may not qualify for the fund. They may not raise the

number and amount of required contributions. People may decide to change from one office to another that doesn't require as much money or as many contributions. People may decide to throw their support behind a fellow candidate from the same party, or a different party for that matter, and for those reasons maybe not participate.

So I have not heard from SEEC one way or the other if there will be a deficiency or not. The conversations I have had were that they are worried there might be. They don't want to have to go back to the system where the old-fashioned fund-raising system that we had, which is why we implemented this system in the first place. And to avoid that they're trying to be proactive. But as far as I know at this time no one has mentioned any specific deficiency, or really anything other than the specter of a deficiency.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

Thank you, Senator Musto. Senator, were you alarmed or perplexed or confused, at all, why the State Elections Enforcement Commission and the citizen election fund administrator did want make an official statement as they are obligated to do under current state statute declaring a deficiency?

Through you, Madam President.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Thank you.

Through you, Madam President, to Senator McLachlan.

No. I'm first not sure they're not required to declare a deficiency. They're required to determine if the fund is sufficient by a date certain. If that date certain passes and they don't have any indication that there will be sufficiency or not -- an insufficiency I should say, they don't have any notification requirements at all, as I read the statute.

And again, that this time as I understand it from my discussions, both official and unofficial, I do not know of any deficiency, again other than they're concerned, that there could be depending on how many primaries are waged and how many people -- or excuse me, how many people stay in the primaries that are being waged.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. Through you, to Senator Musto.

So the point I'm trying to get answered is, is there a deficiency? If there is a deficiency, how much is the deficiency? Should State Elections Enforcement Commission notify someone of -- officially notify us of a deficiency which I believe they're obligated to do on January 1st within 3 days after January 1st if they identify a deficiency?

And finally, if none of that has occurred and there is no deficiency, why are we seeking to make changes to the State Citizen Election Fund Program?

Through you, Madam President.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Thank you, Madam President. Through you, to
Senator McLachlan.

If I remember your question -- I tried to write them down here. The first question is, is there a deficiency? The answer is, at this time I am not aware of one. The second question was, how much is the deficiency? At this time I'm not aware that there's any deficiency.

The third question is, should they, SEEC that is, notify us of such deficiency? And as we've not gotten notification and I'm not aware of a deficiency, I don't believe there's any obligation by SEEC to notify us.

And the fourth is if there is no deficiency and we haven't been notified of any amount then why are we doing the bill? And the answer to that question is, again because state election enforcement is concerned based on what has happened over the past several months that there may be a deficiency and they do not, as Senator McLachlan correctly pointed out, have the ability under current law to do anything about it.

And instead of being able to do something about it, that is, getting -- declaring a deficiency at a later date, based on the number of participants in primary and general elections, they would simply have to go back to the old way of raising money, which, you know, by having the Citizens' Election Fund, which many of us participate in, what we all call clean election funds, no state contractors, no state lobbyists during session, limited to \$100, et cetera, those sorts of things that we're trying to do to keep the elections clean are the reason we're saying if there is a deficiency at a later date, we really should look at that and find a way to fix it.

Because one thing that Senator McLachlan did overlook was that if there's a deficiency and the Citizens' Election Funds are provided in a lower amount, the candidates are permitted to go out and raise money the old-fashioned way to cover up the deficiency. And the old-fashioned way is the primary reason we got rid of -- or excuse me, -- that we instituted this CEP program in the first place.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Through you, Madam President. Excuse me. Thank you, Madam President.

Through you, Madam President.

Senator Musto, you just sort of raised a glaring point that I intended to raise later on in our discussion. And that is that if the citizen election fund grant to a candidate is reduced the rules change. And would you care to please clarify for me and the circle why the rules changed and when those rules changed?

Through you, Madam President.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Through you, Madam President.

Respectfully to Senator McLachlan, I do not know the answer. The law was passed before I got here and all I can say is that under current law, and I can -- it's in the bill, the current law is in the bill starting at line 40, I believe. And it

simply says after a qualified candidate committee under this section receives a recalculated payment the committee may resume accepting contributions which shall not be subject to the restrictions on qualifying contributions. Again, you go back to the old way of raising money to fill that gap.

I do not know -- I was not part of this Legislature and certainly not part of the GAE committee when this law was passed and simply cannot answer that question. All I can say is that that is the current law.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. Thank you, Senator Musto.

I was also not part of the Legislature at the time that the citizen election fund was passed, although it was my first campaign for the State Senate that was the first year the program began in 2008. So as a freshman I participated in the first year of the program and learned along with everyone else how it would work and studied it carefully because it was so confusing to many of us what the rules were, having participated in other political campaigns for years, as you say, the old-fashioned way.

But as I recall, Senator Musto, in the last session of the General Assembly the Democratic majority passed, I believe, without any Republican support pretty dramatic changes to the campaign-finance law in Connecticut. And how did those changes affect this topic of the Citizens' Election Fund and reduce grants?

Through you, Madam President.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Thank you, Madam President. Through you, to
Senator McLachlan.

I do not recall that they affected this at all.
I am happy to be corrected, but I don't believe
we addressed this provision in the campaign-
finance reform bill that we passed last year. I
don't believe it changed at all, Madam President.

Through you, to Senator McLachlan.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

Well, I'll agree to disagree for this moment on
that topic. I think it did quite dramatically
change it, but we can cover that in another
aspect in this discussion and different questions
related to that specifically.

May I now turn, Through you, Madam President,
Senator Musto, may I now turn to the actions of
the citizen election fund? If this bill does not
pass what happens?

Through you, Madam President.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Thank you, Madam President.

If this bill does not pass there are, as I see it

two options, both of which are under current law. The first option is that there is no deficiency for whatever reason and nothing happens. The elections program goes on just as we anticipate it will.

The section option is there is a deficiency in some amount and then we go again to what is current law, what is listed in this, in the bill under Section 9-716 of the General Statutes, Subsection B -- states in general that since no deficiency has been declared that the payments will be recalculated, I assume lowered since there won't be enough money.

Those payments, once they are recalculated the committees will begin resuming -- excuse me, will resume fund-raising. Those of us who have qualified or are close to qualifying, once in the Senate we reach our \$15,000 dollars and 300 constituents, once that happens we cease fund-raising and we get a grant.

What would happen is that after we raise that money we get a partial grant. We would go start raising money as we've been calling it, Senator McLachlan, the old-fashioned way, subject to the limits. I believe it's -- I don't have it off the top of my head. I believe it's \$500 per person for senators, state senator candidates. And I also believe that money from state contractors is available as long as they have executive branch contracts and not legislative branch contracts.

And I don't remember off the top of my head what the rules on lobbyists are. I believe that they are essentially the same, except that the amounts might be larger. Again, it's not something I've focused on for this bill so I'm happy to be corrected on that should I be incorrect.

Through, you Senator McLachlan -- through you, Madam President, to Senator McLachlan

THE CHAIR:

That's okay.

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President, and through you to
Senator Musto.

The change in the process of a citizen election fund or a participating candidate campaign does appear to be similar to what you've described, but I'm not sure that it is quite exactly the way you've described it. The key point that I wanted to clarify is in the case of a state senate campaign, which you and I are personally aware of, what is the current grant amount? And if we just use the 2012 number, because it's fresh in your mind, versus what the 2014 number will be, what is the current grant amount and what will be the reduced grant amount if this bill does not pass?

Through you, Madam President.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Thank you, Madam President. Through you, to
Senator McLachlan.

Unfortunately not a lot of things about 2012 are present in my mind right now, so I apologize. But I will say that the grant back then was about -- I believe it was about \$91,000, give or take. And if the bill doesn't pass, again one of two things is going to happen.

Either there will be no deficiency, which means we'll get that amount plus whatever cost-of-living increase is in the works, in this case. Or there will be a deficiency of some amount, the grants will be reduced proportionately. So let's say there's a 10 percent deficiency in the fund,

we'll get \$91,000 less \$9100 and we'll be able to raise that \$9100 the old-fashioned way.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President and through you, to Senator Musto.

So are you saying that there is not a definitive answer to the percentage of cut in grants spelled out in current law?

Through you, Madam President.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Through you, Madam President.

Not exactly, Senator McLachlan. What the law says in line 34 of the bill, as current law, that SEEC will recalculate the amount of payment that a qualified candidate committee is entitled to receive by multiplying such percentage by the amount of such committee -- would have been entitled to receive under this chapter if there were a sufficient amount of money in the fund. The way I read this language, again if we get about \$91,000 and there's a 10 percent deficiency in the fund we get whatever that, let's say 80 -- 81,900. If the state representative candidates would have gotten 30,000, they'll get the 27,000, 39,000 minus 10 percent. If a gubernatorial candidate, I think, for a primary it's a little over a million -- let's say a million -- then for the gubernatorial candidates, they would get 10 percent less. They would get 900,000. What I'm saying is that I don't know what that

answer is, because at this time there is no, to my mind -- to my knowledge rather, no deficiency in the fund, certainly of no specific amount. So it could be 5 percent, 10 percent, 1 percent, no percent. I just don't know. I'm just trying to give an example for purposes of clarification to the circle.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

Madam President, I think that this line of questioning has raised numerous red flags to this whole idea. Number one, the State Elections Enforcement Commission and the Citizen Election Fund Administrator has not reported, as they are obligated to do under current statute, on January 1st, has not reported an official deficiency for the coming year of campaigns.

Two, that is what triggers, that reporting is what triggers requirements to notify candidates of reductions in grants.

Three, we have a bill before us that is trying to just push aside all of the current rules as it refers to how grants are calculated, how candidates are notified of the grant process, and a date and time when those decisions are made with a fixed amount of money. And we're pushing all that aside because we think we have a problem. But we don't know how much the shortfall is.

I think that can be calculated pretty carefully because if you read the newspaper you can sort of get an idea of who's running. We know how many candidates are in the field. If you take the worst-case scenario and count all of the gubernatorial candidates on the Republican side

and assume they're going to make it into the primary, which they won't -- but well, maybe they will -- then you just add up all those dollars and do the same for the majority party.

We hear that there's a third-party candidate. You just add up all the numbers for all of the constitutional officers and take the 187 legislative offices times two and a half, because you don't always have three candidates.

So you come up with a worst-case scenario. You know what the worst-case scenario or the big number cost to the citizen election fund will be. It's not rocket science. It's very simple mathematics. But we don't know that number. Now if I put the microphone down and take a few minutes I'll come up with a number. I haven't done that because we have a citizen election fund administrator that's obligated to tell us what that number is, and it should certainly be part of the request to the General Assembly for this change.

Here's the other problem with this proposal. And I don't think that Senator Musto, in his responses to my questions was able to shed light on, but here's the bottom line to this change. When the citizen election fund program was negotiated there was a firewall. Legislators were told in the negotiations -- I wasn't here, but this is what I was told by Legislators that were in the building and participated in this process of negotiations.

They were told that if the escheats that came from the unclaimed property fund in the office of the treasurer was insufficient to fund the campaigns, then the campaigns would have to take a haircut, sort of like in the state budget when you run out of money -- except in Connecticut -- when you run out of money you cut the budget.

But this proposal before us today is kicking all that aside. We're not going to reduce our spending on bumper stickers and mail and radio advertising and people knocking on doors and all

that stuff. We're not going to decrease the amount of money that we spend on that even though there's not enough money in the bank to do it.

We're going to change the rules. We're not going to cut the grants, which is the way it says we're supposed to make a decision, to cut the grants on January 1st. We're going to use, I believe for the first time, corporate taxes just to borrow for a while so we can fill up the campaign coffers. And then some day down the road when the unclaimed property fund sells off some more of those unclaimed property -- by the way, the unclaimed property belongs to taxpayers. It's not a mystery fund. That's somebody's money.

I might add that my grandmother who passed away in 1985 and had retired to Fort Lauderdale, Florida her name is on that list and we were trying to pull together paperwork to figure out what it was. And anyways, her name is still on the list. Now I think we figured out that it was a life insurance policy with nominal value, but the point is that her own descendents, you know, haven't been able to get it together, enough documentation to get the money out.

So taxpayers' money is being used for our campaigns. Taxpayer money, not escheats. We keep hearing this terminology "escheats." Escheats, that's where we go grab the money and we go spend it on something else. The point is that the citizen election fund had this firewall to say, okay. You don't have enough money. We're going to cut you off a little bit. You can't have all the money this year. But this bill seeks to say, we can't do without all the money.

Sorry. So we're going to borrow the money from corporate income tax. And incidentally I'm still scratching my head trying to figure out how does that all fit into the budget? I mean, if you're going to pull money out of another account to fund the citizen election fund, is that in this magic budget that's coming before us sometime in the next couple of days because you're taking it

out of the corporate income tax fund?

This, this whole idea has not been well thought out. It just has not been well thought out and I'm frankly not getting answers from the people that should be very quick with the answers. Now granted, I've not been the cheerleader of the Citizens' Election Fund, yet I participated in it and all of my campaigns. Why? Well, because you wrote the rules, that that's the way you do things here in Connecticut. I play by the rules.

You see, but last year this Legislature didn't like the rules so they changed the rules, which dramatically impacted the citizen election fund because it opened the floodgates of all kinds of new money into political campaigns that would affect participating candidates in the Citizens' Election Fund, new money.

Hopefully a little later this evening myself and some of my colleagues will join together in an amendment to talk about that in greater detail, but all the rules are changing. Very dramatic changes last year, very dramatic. So dramatic that the Democratic Governor's Association has hired some uber-expensive lawyers from Washington DC and I guess a few from Connecticut to sue the State Elections Enforcement Commission. Imagine that.

And of all things, of all things, the Republicans and other open government advocates are trying to back up the State Elections Enforcement Commission. Last year I vigorously opposed the dramatic changes to campaign-finance law in Connecticut because I knew that it was opening the floodgates and tainting what Connecticut claims to be clean elections.

And now this year there's not enough money in that fund, so we're making another change to borrow money from another area of state government to make sure that we fill those coffers. That's what's going on. That's what's happening. Nobody is answering the questions that way, but that's what's going on. And we

need to shed light on why we're here tonight.

So I guess you can figure I'm opposed to this idea, but I'm trying to be opposed to the idea with a commonsense approach, that if you're going to propose legislation, then give us the reason why, please. Don't say we don't know how much money we need... Don't say we don't know when we're going to tell you how much money we need.

Don't say that we're going to have clean elections if we do this bill and don't rattle the cage and tell us that we won't have clean elections if we don't pass this bill, because guess what? Last year this Legislature poured an oil slick all over your clean elections. You've already done that. The clean elections are tainted already. You don't have that little pristine program that you had the year before.

So we need to be honest with ourselves about what this proposal is. And how much more money are we going to spend as a result of this bill passing, versus if we don't pass this bill? That's what we need to look at. How much more is it going to cost?

Well, Madam President, I've gone a little on too much, I guess, that I really know there are some others that would like to share some comments and that may have questions about this proposal, but I'm hopeful that after taking a break for a minute and allowing those to take pause on some of the question and answers that Senator Musto and I had had, and my observation on what we're doing here, that they will be more amenable to the ideas of amendments that are forthcoming.

So thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark? Will you remark?

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

And also thank you, Senator McLachlan for your, I think, thoughtful admonition. I've struggled with this program I think from a philosophical standpoint for a number of reasons. One, I believe it's incredibly well intended and that is an intention to keep certain monies and certain influences out of policymaking, out of state government. But too, in a lot of ways it's the fox guarding the hen house, as it were, when we're talking about funding as opposed to financing.

And I watched that, Madam President, I watched it as an outsider in 2010 and I was greatly astonished at some of the actions of the General Assembly back then. And I watched it right before my very eyes as an insider here in 2013. And the changes that were made and the doors that were open to influences I think were very frightening.

And in that vein, Madam President, I have an amendment I'd like to call. The Clerk is in possession of LCO Number 3961. Madam President, I ask that he call the amendment and I move the amendment and seek leave to summarize.

THE CHAIR:

Mr. Clerk.

Would you say the number again Senator Welch, please?

SENATOR WELCH:

Thank you, Madam President.

LCO Number 3961.

THE CHAIR:

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002367

The amendment is not in the hands of the Clerk.
Would you like to -- let's stand at ease for a
moment, please.

SENATOR WELCH:

I would.

Thank you, Madam President.

(Chamber at ease.)

(Senator Coleman in the Chair.)

THE CHAIR:

The Senate will be in order.

Mr. Clerk.

THE CLERK:

LCO Number 3961, Senate "B," offered by Senators
Welch, Frantz, Kissel, McLachlan.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Mr. President.

I can't determine whether that was climatic or
anti-climatic, but I will press on because this
is a very important topic.

THE CHAIR:

Before you press on, move adoption, please.

SENATOR WELCH:

Thank you, Mr. President.

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I believe I did. I do move adoption and seek leave to summarize.

THE CHAIR:

The question before the chamber is adoption of Senate "A." Senator Welch -- I'm sorry, Senate "B" is before the chamber.

Senator Welch.

SENATOR WELCH:

Thank you, Mr. President.

A number of the changes that were made to our program last year I believe I already alluded to, at least in my opinion, being very detrimental to integrity of the program and the funding.

And what this bill does in essence is seeks to restore three of those kinds of changes. The first one in section -- the first part of this amendment, amends section 501, which has to do with organizational expenditures.

Prior to the bill last year organizational expenditures could only be used in a certain way, Mr. President, in a positive way, as it were. We got rid of those requirements which would now allow for organizational expenditures to be used for negative advertising. I'm sure everybody in this circle at one point or another has been subject to negative advertising, hit pieces. Frankly Mr. President, it's no way to carry on a public discourse, I think, about public policy.

So, Mr. President what this will do is it will restore those very important protections by making sure that the communications are limited to identifying information, statements concerning candidates' positions and philosophies, goals and accomplishments, biographies, encouraging people to get out and vote for candidates, not for attacking one's opponent.

Another very important change that this amendment seeks to affect is to restore the lower donor thresholds to various committees. For instance, in subsection A we're reducing from 10,000 to 5,000 dollars the amounts that can be contributed to a state central committee, from 2,000 to 1,000 with respect to the town committees and also legislative caucus committees.

And finally, what this amendment seeks to do is to limit the amount of monies that a state contractor can give. And the last section, section 503 states that no state contractor, perspective state contractor will be able to get a contribution to a federal account of a state party in any one calendar year in excess of a hundred dollars.

Mr. President, I cannot emphasize enough the harm to the integrity of the program and the fund that the General Assembly did in the bill that it passed last year and the influences that it has allowed which I think, Mr. President, undermined the very existence of the program. And so what we're trying to do here, Mr. President is to get a little bit of that back. I encourage this chamber's support of the amendment.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will your remark further?

Senator Musto.

SENATOR MUSTO:

Yes. Thank you, Mr. President.

I rise in opposition to the amendment. I would suggest that we, as a body -- I know some people may have been dissatisfied as some people often are with our actions, but as a body last time last year we made these changes and voted them

into law.

I would suggest that there are other reasons for those, many of them federal. It is not the State of Connecticut that is opening up federal coffers. It is the Supreme Court that is opening these up through what we affectionately call the Citizens United Decision..

As to specifically section 3 of the amendment, we simply can't do this. I mean, this is a federal law. It's governed by federal law. It is not subject to our federal restrictions. And we had in the GAE committee this year quite a lengthy and spirited debate of bipartisan condemnation, in some respects, of some actions of the State Election Enforcement Commission when they suggested that the State can take actions regarding the use of federal funds and federal -- and laws over federal accounts. And we simply cannot, was essentially, again the bipartisan position of the committee.

As well intentioned as I think Senator Welch's amendment is, we've talked about this. We debated it. We passed it. It is the law and I would urge the chamber's rejection of this amendment. And I would ask that when the vote be taken it be taken by roll.

THE CHAIR:

The request is for a roll call vote. When it is taken it will be taken by roll.

Will your remark further regarding Senate "B"?
Will your remark further?

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Mr. President. Nice to see you this evening.

THE CHAIR:

Nice to see you as well.

SENATOR MCLACHLAN:

I rise in support of the amendment and thank Senator Welch for having a lengthy discussion about this during -- one of our caucus meetings several weeks ago now. And I think that this amendment is targeted, simple and will not impact campaigns currently underway. You can't have a proposal, so to speak that is going to turn the lights out on a campaign. Let's face it, these changes that were made last year are just now starting to be fired up. Probably not until sometime after Wednesday at midnight when people leave this, Legislators leave this building and hit the campaign trail, so to speak, and go off to their nominating conventions. That's when they're really gearing themselves up on the campaign trail.

So these proposals are simple but important. And you want to know where the most important one I think is? The expenditure rules. Because what changed last year dramatically changed how Citizens' Election Fund participating candidate campaigns are impacted by these organizational expenditures.

Now I will tell you that in my campaign I had organizational expenditures that helped me. It was space at Republican headquarters. I guess that included telephones and lights and heat. I don't -- I can't recall all the details. Maybe they bought some stamps. I mean, it was the traditional type of organizational expenditure that we're all so used to for years and years in campaign finance here in the State of Connecticut. But the rules now without this amendment today, the rules now are wild wild west.

Now I remember the debate on this topic last year. And they said, oh, you've got to do this. This is important. Citizen United. You know that rich guy that ran all those TV ads? Well guess what? I don't remember exactly how many

campaigns those TV ads ran. All of the targets of that TV ad are here tonight. They're right here. They didn't lose.

So the person running those TV ads didn't get very good buy on his money, which is another reason that it just goes to show, you know, all politics are local, but when you've got unlimited organizations in the State of Connecticut that are the party apparatus, every single town committee, all of the state party apparatus organizations, all of our leadership in the legislative office building, political action committees, you add all those organizations up and they can all take part in political campaign activities that they couldn't do before for a participating candidate in the citizen election fund until last year.

This amendment turns back the clock and says, no, that was a mistake. We shouldn't do that. I urge adoption.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Do you care to remark further?

Senator McKinney.

SENATOR MCKINNEY:

Thank you. Good evening, Mr. President.

THE CHAIR:

Good evening, sir.

SENATOR MCKINNEY:

I rise in support of the amendment. I want to thank Senator Welch for bringing it out. I want to also thank Senator McLachlan for his tireless work on behalf of our caucus, and quite frankly

on behalf of the people of the state of Connecticut for trying to perfect our campaign finance laws.

Mr. President, I'm surprised there's objection to this bill because it really does three very simple concepts. Number one, it restores the law as it was originally with respect to organizational expenses and says that organizational expenses shall not be used for negative campaigning. We had that law for a while. It worked well under the State of Connecticut and the fact that that was recently changed I think has not been better for our system.

I think we ought to admit a mistake in allowing organizational expenses to be used for negative campaigning. There is no doubt that there has continued to be, as there always had been, influence of special interest money in our campaigns pre Citizens United, post Citizens United. The question for us isn't what the federal government is doing, or what the Supreme Court is ruling. The question for us is, what do we want our campaign rules to be here in Connecticut? That's what we're in charge of.

And do we want organizational expenses to be used on negative mailers or not? Not about what they're doing down in Washington. Not about what the Supreme Court is saying. The question is, we here in Connecticut, do we want that money used for negative campaigning or not? I say not, not negative campaigning.

The second thing this does is it reverses a mistake that was passed recently by this Legislature which increases the amount of money that can go to state parties, town committees and legislative caucuses by increasing that number, doubling it for example to the state party from 5,000 to 10,000. The consequence has been to see greater influence by special-interest.

I'm not picking a party, because it's to both. By going from 5,000 to 10,000 dollars you

increase the influence of special interest. You increase the influence of people who are able to and willing to write a 10,000-dollar checks. The point of the campaign finance reform bill was to say that if you can write a \$10,000 check you have an undo influence in our system over somebody, most people who don't have the money to do that.

So when we run as participating candidates in public financing we can only take \$100. And you know what? For some people across the state of Connecticut a hundred dollars is still a lot of money, but for that person who can give 10 or 15 or 20, their voice is still heard loud and clear because the most someone can give is a thousand. The mistake that was made when this was changed from 5,000 to 10,000 and we're seeing it play out is to increase, not decrease the influence of special interest money.

The third thing that this amendment does, and it is by far the most important, is it says that we are going to limit what state contractors can give. And Mr. President, I think it's important to have a trip down memory lane. When the Citizens' Election Fund was first passed I stood in this circle and voted against it because in my opinion several sections of the original bill violated the First Amendment. A federal district court did agree that sections of the bill violated the First Amendment.

But remember what the federal district court said. The original bill banned lobbyists from giving contributions and banned state contractors from giving contributions to those of us running for public office in the State of Connecticut. And the court said that the ban on lobbyist contributions violates their First Amendment rights because there is no governmental interests that overrides their constitutional rights.

But the court had a very different result when it came to state contractors. The court said, because of the history of corruption in Connecticut we agree that state contractors

should be prohibited from giving to candidates. So the federal court has said, you can have different rules for state contractors.

So I heard the Senator and the Chairman of the GAE committee talk about what the federal courts have said and what the Supreme Court have said, but the federal courts have said in Connecticut, you can have different rules for state contractors. So the current law says, state contractors can give \$10,000 to the Republican and Democrat parties. The point of campaign-finance reform was to take state contractors and remove them from having influence our political system. Anybody objectively looking at our system looks at that goal and laughs at the fact that, not only did we not attain the goal, we've actually gone backwards.

Because before a state contractor couldn't give \$10,000 to a party and now they can. So isn't that great? A state contractor can't give a hundred dollars to me, but they can give \$10,000 to the state party. How have we achieved the goal of removing influence of special interests? How have we achieved the goal of giving the people in the state of Connecticut some sense of belief that their government is not for sale?

How do you look at people in Connecticut and say, hi. This gentleman from Philadelphia gave \$10,000 to a political party. He's never lived in Connecticut. He doesn't live in Connecticut. He's never given a single penny to any Connecticut politician, but oh, lo and behold one day he woke up and said, you know what? I want to write a 10,000-dollar check to the Democrats in Connecticut. What a great guy. And then you turn around and you find out, hey, guess what? He just got a contract to run the XL Center making his company millions of dollars.

Now I'm not picking on the Democrat Party because I'm sure that happens with equal parties. The point of the law was to remove the influence and what was done by this Legislature was to increase the influence. So we are absolutely within the

bounds of the federal courts decision to say we should treat contractors differently. We are absolutely meeting the goal of removing special interest money from our system when we say state contractors can give. But how about only hundred dollars?

And I would ask all of you who vote on this amendment go back and ask your constituents do you feel comfortable knowing that someone who's been awarded a contract with the State of Connecticut, no matter how big or how small, that they're giving \$10,000 to the Republican or the Democrat party? That they're giving \$10,000 to the party of the people who are voting to give their contracts away?

How does that square with anything that's been said in this circle about cleaner elections. About openness and transparency? About an even playing field? About giving the people the power in our elections, not the special interest. It doesn't and we all know it doesn't.

So what happened was the Supreme Court came out with a ruling and the majority decided, you know what? We're scared. Let's give up all of our principles. Let's say that our elections are clean, but we'll still let state contractors give \$10,000 through the back door. That's not right. That's not right. It's not right for the Republican Party. It's not right for the Democrat Party to be going around taking 10,000-dollar chunks from state contractors. They do it now because it's been allowed. We should not allow it. We should not allow it.

The best part about this amendment is it hurts both parties equally. It treats both parties the same. There's no winners or losers, other than the people of the State of Connecticut who will now know that our political parties, both political parties can no longer be influenced by corporations who have business or people who have business and contracts with the State of Connecticut. I urge adoption.

THE CHAIR:

Thank you.

Will your remark further? Will your remark further?

I believe there was a request for a roll call vote on the amendment. If there are no further remarks, I ask that the Clerk please announce that a roll call vote is in progress in the Senate.

THE CLERK:

Immediate roll call has been ordered in the Senate on Senate Amendment Schedule "B."
Immediate roll call in the Senate.

THE CHAIR:

The machine is open.

Members, please check the board to make certain that your vote is properly recorded. If all members have voted and if all votes have been properly recorded the machine will be locked.

Would the Clerk please take a tally.

THE CLERK:

On Senate Amendment schedule "B."

Total Number Voting	34
Necessary for Adoption	18
Those voting Yea	13
Those voting Nay	21
Those absent and not voting	2

THE CHAIR:

Senator "B" is rejected.

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Will your remark further?

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Mr. President.

I briefly stand just to oppose the underlying bill. This is not really a question of feeling like a sore loser. You know, we propose an amendment that doesn't fly so you just sort of give up on the whole bill.

I've had a problem with the underlying bill from the beginning and even among my own party, frankly, have struggled to share my concerns. Now the proponents are persistent about saying if we don't do this we're not going to get all the money for our campaigns. That's my point. That's a good thing. We should spend less money that comes from taxpayers on political campaigns. I urge rejection.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Will your remark further? Will your remark further?

If not, will the Clerk please announce that a roll call vote is in progress in the Senate. The machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate. Immediate roll call ordered in the Senate.

THE CHAIR:

Have all members voted? Have all members voted?
If all members have voted and all votes are

properly recorded the machine will be locked and
the Clerk will take a tally.

THE CLERK:

Total Number Voting	34
Necessary for Adoption	18
Those voting Yea	24
Those voting Nay	10
Those absent and not voting	2

THE CHAIR:

The bill is passed.

SENATOR LOONEY:

Mr. President.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Yes, thank you, Mr. President.

I wanted to add another item in the queue, on the
go list, and that is calendar page 37, Calendar
198, Senate Bill 357.

And Mr. President, if we might stand at ease for
just a moment.

(Chamber at ease.)

(Senator Duff in the Chair.)

SENATOR LOONEY:

**JOINT
STANDING
COMMITTEE
HEARINGS**

**GOVERNMENT
ADMINISTRATION
AND ELECTIONS
PART 4
1265 – 1638**

2014

REP. JUTILA: Thank you.

Any questions for the first selectman?

Senator Musto

SENATOR MUSTO: Thank you, First Selectman.

It's good to see you here. We usually don't get a lot of feedback on the -- on the conveyance of parcels unless there is a problem with it so it's to hear that -- you know, we're sorry to drag you all the way up here just to hear that you're in favor of it. But I do thank you for coming and we appreciate the input. And we'll certainly, you know, make sure that we take it into account.

DONALD STEIN: Thank you for your consideration.

SENATOR MUSTO: Sure.

Any other questions or comments?

No? Thank you very much.

DONALD STEIN: Thank you.

SENATOR MUSTO: Michael Brandi, State Elections Enforcement Commission and if he's close to 15 minutes, Melissa Russell might be next from ROVAC or State Representative Ziobron depending on how long Mike takes.

Welcome.

MICHAEL BRANDI: Thank you very much. I'll try to brief today. Good afternoon, Chairman Musto and Chairman Jutila, Ranking Member Senator McLachlan and Representative Hwang and

SB455 SB453

distinguished committee members. I am Michael Brandi, executive director and general counsel for the State Elections Enforcement Commission. I thank you for this opportunity to present testimony on two different bills. I will be testifying on behalf of Senate Bill Number 455, which contains the Commission's most important legislative initiative this session, one that is necessary to ensure that Citizens' Election Program is able to provide grants to all those who qualify. The Commission will also provide brief testimony in strong opposition to Senate Bill Number 453, AN ACT CONCERNING STATE PARTY FEDERAL ACCOUNTS.

Concerning Senate Bill Number 455, AN ACT CONCERNING THE CITIZENS ELECTION FUND, Connecticut landmark campaign finance reform, the Citizens' Election Program is financed through the Citizens Election Fund, the CEF, a nonlapsing fund that receives most of its money from the sale of abandoned property in the state of Connecticut's custody. When the program was enacted, the fund deficiency was ensured in two different ways, one, an adequate amount of statutorily mandated to be deposited from the (inaudible) account into the CEF, and two, there is overdraft protection in the law in the event that there is not enough in the fund to meet the mandated deposit from that account into the CEF. In 2011, this changed, the amount to be deposited into the CEF from the abandoned property account was reduced annually by 40 percent.

As a result of this reduction, the overdraft protection needs to be expanded to ensure that there are enough funds in the CEF to aware grants to every qualified committee during a statewide election year. Senate Bill Number 455 creates this additional level of overdraft

protection. There will never be a fiscal impact if the overdraft protection is never needed. If it is needed, it will avert disaster for campaigns that qualified for and relied upon the availability of a grant. It is a matter of cash flow ensuring that the monies are available when needed rather than after the election cycle. The deposit into the fund from the account may be reduced by the amount of the overflow following the election. The bill provides (inaudible) into the future that those who qualify for a grant will be able to receive one. It makes the program workable under any level of participation. Without this second level of overdraft protection, the CEP may be inadequate if there is significant participation by statewide candidates this year.

Senator Bill 453, I'm just going to provide some abbreviated comments related to this proposal, which is AN ACT CONCERNING STATE PARTY FEDERAL ACCOUNTS. The Commission strongly opposes Senate Bill 453 as it is currently written. This bill has the potential to upend the current campaign structure in Connecticut and throw it completely out of balance. We recently issued an advisory opinion that described how and when the federal monies raised by federal party committees could be used in connection with the state party and with state candidates. The opinion reflected our agency's longstanding advice on this subject. Our conclusion was pretty simple. Only money raised within Connecticut's campaign finance system can be used to benefit Connecticut state committees.

A state central party with a state and federal account must structure its activities so that monies raised in compliance with the

Connecticut campaign finance structure are used to pay expenses supporting statewide and General Assembly candidates while monies raised within the federal system are used to support federal candidates. While the basic rule is simple, the intersection appears to have caused some confusion. Our recent advisory opinion clarifies this issue. The state central party must structure their advertisements and staffing to ensure compliance with both state and federal law.

We are ready and available to work with any and all the dedicated staff here that treasures the party committee and political committees and all others that make up our regulated committee to educate and meet reasonable solutions. What should not be done is creating a large loophole in the citizens election program where none currently exists. I thank you for this opportunity and my staff and I remain available to answer any questions.

SENATOR MUSTO: Thank you.

Senator McLachlan.

SENATOR MCLACHLAN: Thank you, Mr. Chairman.

Thank you, Mr. Brandi, for your testimony.

I'm focused on Senate Bill 453 and I understand your concerns about it. I'm -- hopefully you understand -- I think this seeks to try to fix a problem that most people understand could be a problem. You might just not like the way it's going about it. So I wanted to -- to try get to the basics. If a state central committee raises a million dollars and 90 percent of that money or \$900,000, is in their federal account and 10 percent of that money is

in their state account, but they have 187 state legislative candidates and six constitutional officer candidates to support, how do they operate?

MICHAEL BRANDI: I think what the advisory opinion is always -- and again, this is the consistent advice that the agency has given over the years -- is that if you raise the money under the allowable limits in the state account you can spend it to support those state candidates. If you are raising money in a federal account, which is regulated by the federal FEC and in that account you are raising funds that are not allowed under state law, you cannot use those to support a state candidate. So in other words, if those 900,000 dollars raised come in large part from state contractors who are banned from giving money to the state party or to state candidates, particularly those participating in the Citizens Election Program, it -- you have to be able to comply with effectively the FEC law, as well as our law. Our law is stricter. Our law says that you cannot use those -- those unclean monies for -- if you want to use that term -- to support to state candidates.

There has to be a segregation between the accounts and between the duties. Our advisory opinion lays this out as best we can in terms of what is allowed to be paid for with those federal monies, which -- which if you're supporting a federal candidate, it's not within our jurisdiction. If you're trying to use federal monies to support a state candidate, that's where issues could arise.

SENATOR MCLACHLAN: I understand that, but you didn't answer the practical question. Ninety percent of the money is federal, 10 percent of

the money is state. How does the state party support 193 candidates? I don't -- that's what I'm trying to get to. How do we do that? How can we make it better so that they can do that and comply with what you're saying.

MICHAEL BRANDI: I think the answer to it is this is a -- what sounds to me like the strategic decision as to where to raise money by the party. The party has the option to raise money with the state account under state mandates and state law. It can pay for all of the expenses you're talking about from the state account. You can support -- under 13-180 -- the bill recently passed last year, there were limits that were -- expenditure limits that were raised. So for example, if you were looking to spend money from the state account to support any of the General Assembly or a statewide candidate, you can do so freely including in that bill advertisements both for and against candidates, which was a new addition to the law.

So what you're asking I think is a strategic decision on behalf of a party as to where to raise the money. If a party chooses strategically to raise money in the federal account with sources that are not allowed under state law, then it's up to the party to determine how to support those federal candidates or if they are going to use the money for certain expenses -- that are allocated expenses such as headquarters, they can do that provided it's reimbursed back from the state. So really what you're asking me is not a legal question. It's a strategic question and that goes back to when they're raising money -- when the party is raising money into which account it's making a strategic decision that has nothing do to

necessarily with our activity, but the law is we feel clear and in our advisory opinion, we provide additional guidance to that at this point.

SENATOR MCLACHLAN: Thank you.

And through you, Mr. Chairman, what was the genesis of the advisory opinion that you refer to?

MICHAEL BRANDI: The Commission had received information and over the years we had received calls for advice regarding the use of federal accounts, the use of state accounts. We provide hundreds and hundreds of responses every year to inquiries to the agency regarding campaign finance law. The -- what is in the advisory opinion is simply an effort, you know, take all the advice that has been given over the years and codify into our advisory opinion issued by the Commission rather than it simply be staff advice that's been given over the years. So this was voted on and -- by the Commission as a full advisory opinion to -- you know, obviously of the State Election Enforcement Commission.

SENATOR MCLACHLAN: Thank you.

And through your, Mr. Chairman, for clarification of those who have not read the opinion and don't really understand the nuances of campaign finance, when you talk about overhead of party activities, a rental of the party headquarters space, the phone system, the alarm system, the copier rental, those kinds of things, in the scenario that I state where 90 percent of the money is federal and 10 percent is state, does the advisory opinion that you refer to say that 10 percent of your office

space will be for state use and only 10 percent of the copier can be used for state candidate use? I mean, can you elaborate a little bit so the membership of this committee and the General Assembly as a whole has a better grasp about what we're talking about.

MICHAEL BRANDI: Sure. What the fundamentals of the opinion are that if you are raising money through a federal account, it is dedicated for federal candidates. You need to be in compliance with both state and federal law and that is possible and it is what we envision is that it's not a preemption, it is a compliance with both sets of laws. In this case, there is no advisory opinion we could issue to take into account every factual scenario which could be thrust at us in terms of a copier rental or something of that nature and our staff remains available to try to answer questions as they come along or it's always the option of any citizen to come forward with an additional request for specificity in the form of a declaratory ruling from the Commission and the Commission stands ready and willing to do that at any time.

But what we've tried to understand through this advisory opinion is to provide some level of guidance for these committees and how they operate and again the -- the -- again, the genesis of it has been this election cycle seems to have been more public information regarding the use of the federal account versus the state account. There has been a lot of news articles regarding this and it was the effort of the Commission to try to clarify with some basic guidelines what advice has been given over the years in terms of the separation of those accounts and the responsibilities of the treasurers who are managing those funds.

SENATOR MCLACHLAN: Thank you.

Through you, Mr. Chairman, what happens or is it allowed for a national party, Democratic National Committee, Republican National Committee, are they allowed to send money to state parties for the use of campaign for governor, for instance?

MICHAEL BRANDI: I would have to check the statutes on that individually, but I do believe there is a provision in the law which allows the national committees, which are different than the federal accounts of the state party. I believe there are provisions where they can provide some level of support to the state party through the -- through the either Democrat or Republican National Committees, but I would have to get back to you with a direct reference on that and to comment on that.

SENATOR MCLACHLAN: Thank you.

And in that scenario, are those -- are those perceived to be federal funds in the minds of the State Elections Enforcement Commission of Connecticut?

MICHAEL BRANDI: If it is from the -- either of the national committees, those are funds which would not be raised under state law so they would be under the jurisdiction of the Federal Elections Commission. So if we're talking about either the Democratic National Committee or the Republican National Committees, they are outside of our jurisdiction so that would be an -- in our opinion federal funds.

SENATOR MCLACHLAN: Thank you.

And so now that we've sort of talked about where money comes from and I'm sure that there are still people scratching their heads saying what are they talking about, but the point is that you've got these two pipelines of political funds that are available and you don't want them to crisscross or commingle and yet -- and yet the reality is I don't see that can happen. I mean, I -- and so that the genesis I think of trying to do this bill before us is find a way to have some type of flexibility that doesn't find a problem because if 10 percent of the money is state and you have to take care of 193 candidates, it's just -- it can't happen. So I think what we need to do is figure out how can we make it happen -- how can we make it so that we can comply with the rule and I'm not sure that as it's written today, we, meaning collectively state parties in the state parties, have done so or are capable of going forward.

And I think that's what everybody wants to do so -- I know that's what I want to do. I want to make sure that we're -- we're being as clear as we possibly can be in reality and you're very clear in the advisory opinion, I understand that, but practically speaking, that's not what has happened I don't believe, if you would like to comment on that.

MICHAEL BRANDI: Sure. There are a couple of different sources here that I don't want to confuse, one is funding that's coming directly from a national committee and that usually is the in the form of voter lists that were distributed from the national committees to the states central committee. The other piece we're really talking about here is the use of a federal account -- so the state party having two separate accounts, one of which is their

state account under which they are raising clean monies, so according to Connecticut law, they can't raise money from state contractors and lobbyist money is extremely limited, so those are all the same provisions that impact state candidates. Then you have the federal account, which is -- and what we're trying to discuss here is not being able to use a federal account, which is designed for federal candidates under the purview and the direction of the FEC under which they can raise other sources of money including state contractor money and trying to make sure that there are limitations in our system so that those monies which wouldn't be allowed to benefit a state candidate are not allowed to do so.

And what I'm saying to you is that there is under current law a method to do that. It's a strategic decision, though, by the parties as to how they're going to raise their money. We would all agree that it is -- it is probably an easier task at some point to be able to raise money from state contractors and other sources of money that have been banned in Connecticut. We are the overseers of the clean money system and I think what we're trying to say is that in terms of this advisory opinion is that you can comply with both the federal law and the state law. It's a matter of strategy by the party in allocating resources. If you know when you are raising the money that you're going to assemble a large staff, we have said repeatedly that staff must be paid out of a state account. And the problems that we've had with this bill is not in the overhead or structure of, let's say, a headquarters or a phone system or copiers, things that are possible to allocate value to, it's -- in particular, it's use of staff time for the benefit of state candidates utilizing federal monies.

And so that's where we've tried to create some distinction and that's where there is really some real specific portions of this bill which we believe blows the system open to allow for what is currently illegal under Connecticut campaign finance law, but utilizing the federal law, it is a loophole to get money into the system.

SENATOR MCLACHLAN: Thank you.

Now, a question of the way in which federal campaign finance regulations interact with Connecticut campaign finance regulations, and this goes to one of the reasons why we were trying to address this issue in this bill, is if the staff spends more than 20 percent of their time working on federal campaigns then they're subject to federal campaign finance regulations is my understanding and reporting requirements.

MICHAEL BRANDI: Uh-huh.

SENATOR MCLACHLAN: How does that rule interact with your Connecticut state statutes?

MICHAEL BRANDI: The answer, Senator, is they're not separate -- okay. The rule that you're referring to is -- there is a federal rule, which dates back many decades, which is based on the premise that federal law was stricter than state laws. It was put in place so that states that had very loose campaign finance laws could not detrimentally impact a federal candidate. So what the rules was -- and that one piece of a rule says that if a campaign is working more than 20 percent of their time for a federal candidate then they must be paid 100 percent of their salary by the federal monies.

Again, that dated back to a time before states like Connecticut enacted stricter laws.

And what we are saying is that rule does not preempt the stricter Connecticut law. It is the view of the commission that in that context you can pay a staff who is working let's say for the federal and 80 percent for state candidates, the safest way to pay that individual is out of the state, out of clean monies. It is always safer to pay for it out of the state account. What we're dealing with now is situations where practically money may have been raised in the federal accounts for some strategic reason, but that does not trump the stricter Connecticut law regarding payment of those expenditures. And you can comply with both.

SENATOR MCLACHLAN: Thank you. So practically speaking, staff hired -- field staff hired for grassroots campaigning activities, and you know, there could be dozens or hundreds perhaps, are working on team Democratic or team Republican and they have the top of the ballot for governor, they have the bottom of the ballot, which is not necessarily an area of priority, but the probate judge and everybody in between and they're working a ballot public information initiative, not any one in particular candidate. How do they portion the staff costs for that kind of activity?

MICHAEL BRANDI: It really depends on the specifics of what they're doing, as you're speaking of, Senator. If they are working for and on behalf of state candidates, if on that ballot and in that ballot initiative, they are working for any member of the General Assembly, a statewide office, the governor's office, it's through this advisory opinion, it's been the opinion of

the commission that those individuals should be paid out of the state account. That clean money -- that is the cleanest way to make sure that that staff that is working on a state campaign is being in compliance with the state law. Okay.

SENATOR MCLACHLAN: Okay. And so I'm going to wrap up with this.

MICHAEL BRANDI: Sure.

SENATOR MCLACHLAN: I talked about the 90 percent scenario, you raise a million dollars, 90 percent is federal money, 10 percent of it is state money, how do you comply? The scenario that I just described to you which happens every single state election year --

MICHAEL BRANDI: Right.

SENATOR MCLACHLAN: In this case we don't have a candidate -- we don't have an election for the United States Senate --

MICHAEL BRANDI: Right.

SENATOR MCLACHLAN: -- so there is only the member of the House of Representatives for Congress --

MICHAEL BRANDI: Correct.

SENATOR MCLACHLAN: -- and there are nine candidates on the ballot, the Governor, the six constitutional offices, member of Congress, State Senate, State House, probate.

MICHAEL BRANDI: Right.

SENATOR MCLACHLAN: Only one of them is a federal candidate, this is what I'm describing as the

challenge to what you're saying and why I think the proposal before us is seeking to at least have the discussion about that that reality is it's not as clear cut as your advisory opinion says and what do you do?

MICHAEL BRANDI: In the context, as I've said, it's safer to pay it out of the state account, clean money. If you have -- in this coming election, we're looking at that there are certain federal candidates that are on the ballot and there are certainly a full array of state candidates who will be on the ballot and what the opinion is say -- and again, I can't go back and tell a party exactly how to raise the money. That's strategic. That's how they wish to raise their money. That's how they wish to -- to interact as a party. What I'm saying is that that 90 percent, which is in the federal account, to spend on those federal candidates all they want, but the amount of money they are going to spend on state candidates on state issues, must be in compliance with Connecticut law, which says you must pay it from the -- the allowable funds under Connecticut law, clean funds.

SENATOR MCLACHLAN: Thank you.

And so -- I thought that was the last one, but just a final comment and perhaps you would like to comment on -- the bill before us that we're talking to sought to have some balance in the money coming in and -- so that there is never an overwhelming use of that money in favor of one particular candidate, if you will, because that's really what we're talking about. Is there any scenario that -- that this particular bill seeks to prescribe that makes any sense given your advisory opinion?

MICHAEL BRANDI: I --

SENATOR MCLACHLAN: I understand your point about strategic fundraising. It goes a little bit beyond that having been on the side of having to raise money for political campaigns and parties. Donors are more knowledgeable about federal campaigns and federal money and so it's sort of natural that they tend to go in that direction. So you've made your point about the strategy point of it, sometimes it's the donors that don't pay attention, so to speak --

MICHAEL BRANDI: Sure.

SENATOR MCLACHLAN: -- with their wallet to local campaigns. They're more inclined to do federal. So putting that aside, is there any scenario that you could see could -- as described in this bill, that could prescribe a solution to the challenge that I have described to you.

MICHAEL BRANDI: My staff has looked at the bill and we've analyzed the bill as drafted. We think there are pieces of this bill that would just simply destroy the clean election program that we have. For example, the bill itself talks about allocations for staff. That's currently not allowed. The issue really is related to maybe the headquarters or those types of expenses, which can be allocated. So if the bill is intended to get disclosure related to that allocation, we could certainly look at the drafting of the bill in that sense, but when you start opening it up and the bill starts to open up the ability to utilize moneys which are not currently allowed under the system, those are the elements that we don't believe that we can find the simple solution to.

SENATOR MCLACHLAN: Thank you. Thank you very much for your -- your help on this and your input. And certainly, I hope that this continues the discussion -- this idea continues the discussion about that very difficult balance, if you will of compliance and the challenges faced by the people on the ground in a political campaign and how do you balance your resources so that you're always in compliance and the reality is that scenario that I described to you, being in the field with 100 employees knocking on doors, that compliance is a big challenge for the person running the show and that's why I thought that this discussion would be helpful to both sides of the aisle --

MICHAEL BRANDI: Sure.

SENATOR MCLACHLAN: -- so that they can see more clearly how challenging the compliance is, number one. But number two, that there are options for them that they need to look more carefully at.

Thank you, Mr. Chairman.

MICHAEL BRANDI: If I could just add, Senator, just in response, my staff and I and our commissioner are available at any time to answers questions related to compliance with Connecticut law. And we answer, just for example, in 2012, our staff answered over 12,000 inquiries that year related to, you know, campaign finance issues, enforcement issues, et cetera. So we do remain available to help treasurers who are the ultimate ones responsible for, you know, reporting the money, and the disclosure of money and the raising of the money, the treasurers of your campaigns are the ones ultimately responsible and we remain ever vigilant with them and ready to work with

them at any time to make sure that they're in compliance.

SENATOR MUSTO: Other questions?

Okay. Representative Lesser.

REP. LESSER: Thank you, Mr. Chairman.

And thank you, Mr. Brandi, for your testimony. A question about Senate Bill, I believe, 453, which is an agency proposal. One of the things that I've noticed is the large number of candidates and perspective candidates for statewide office this year as opposed to previous years and a number of them I believe at the moment there are seven declared Republican candidates for governor who have not yet indicated whether or not they would be seeking to participate in the Citizens Election Program. And I don't know if the framers of the act -- of the 2005 act that set up the program anticipated such a strong potential interest, but I was wondering if that could -- you know, what happens in the event that the existing -- all of the candidates choose to participate in the fund, and if they do, what kinds of consequences that could have the fund.

MICHAEL BRANDI: Thanks for the question, Representative Lesser. The issues that we have with fund, you're right, more participation, which we are thrilled to see because we believe the Citizens Election Program is a model for the nation in public financing campaigns. I can tell you at the current time, we are -- we anticipate by June 30th of this year to have approximately \$31 million in the fund based on our yearly deposits minus grants going to special elections and the May and June grants that could out the door for the 2014s. We're

seeing an incredible increase in the number of committees filing early and right now, obviously, almost 80 percent of the sitting Legislature, all the statewide incumbents, as well as Governor, participated in the program previously.

If the program -- if this bill, 455 is not passed -- this bill provides us with a guarantee. It provides us with some certainty for candidates that the money will be there for the grants. What's in the law right now is a trigger and this bill takes that trigger out to replace it with a scenario where the grants would effectively be paid and any deficiency would be taken off of our subsequent year's allocation. We get technically an allocation on the first of July. That's set by statute. The issue, though, is that if the account doesn't necessarily put the money in on July 1st. It comes in as the assets are sold by the (inaudible) office.

So the funds receives -- we're scheduled next year for Fiscal Year '15 to receive \$1.4 million, but we obviously need is for that money to be deposited between July and September so that we have sufficient funds to pay all the grants and this bill would provide that ability to do that so the fund would be guaranteed -- so the grants would be guaranteed and be paid by the comptroller's office and any potential deficiency would be offset by the allocation that we receive for Fiscal '15.

REP. LESSER: So if I understand you correctly, this is for handling cash flow issues with the Citizens Election Fund. If current law were to stand and you were to wind up with a cash flow issue and certain candidates were to qualify early and receive their distributions and

others were to qualify late after a cash flow problem had happened and the fund would be insufficient, what would happen to -- under current law, to the candidates currently qualifying later in the cycle.

MICHAEL BRANDI: Under current law, the -- the Commission has to effectively have a crystal ball and we have to determine whether or not there is enough funds to pay all the grants. If at any time, the Commission deems that it is insufficient to pay the grants, we would have to announce that as an insufficiency and all of the grants would be reduced to 75 percent and candidates would be able to raise other types of funds which would effectively destroy the Citizens Election Program. So this is an extremely important that we have before you that effectively, you know, protects the Citizens Election Program going forward.

REP. LESSER: All right. And one last question with the Committee's indulgence, do you expect that that proposal -- is likely to have a fiscal note?

MICHAEL BRANDI: We don't at this point. The proposal that we have here doesn't require any additional allocation resources. It simply provides that the -- much in the same way that personal services today under budgets -- under current budgets for any agency, they're allowed to effectively to go into deficit and then there is a new allocation that comes in to make up the deficit. At this point, if this would work as overdraft protection, it would work so that under current law, the -- if there is not enough money in the account, the corporate tax revenue is the back up that is supposed to put money into the Citizens Election Fund to guarantee and effectively pay for the grants.

What this law would do would be able to -- it would guarantee that during the election cycle, that that transfer would occur and there are no additional monies effectively coming in to the program, it would simply be utilizing what next year's full allocation would be and utilizing that amount to pay the grants and allow for that Fiscal Year '15, for example, that allocation to pay back whatever monies are frontloaded in the system.

REP. LESSER: Thank you very much for your answers.

MICHAEL BRANDI: Sure.

SENATOR MUSTO: Okay. Good.

Thank you. Thank you, Mr. Brandi. Your SB 453 dialogue with Senator McLachlan raised some interesting issues about your advisory opinions and some of the issues. You keep calling it clean money, clean money, clean money, but the feds necessarily just have different rules, I mean, what they would consider clean money may not be the same thing that we would consider clean money.

MICHAEL BRANDI: Right.

SENATOR MUSTO: Some of the money we get, the feds might not consider clean money. As a matter of fact, as I understand it, the law was first created in order to get soft money from the state level, as I think you mentioned, out of politics.

MICHAEL BRANDI: Correct.

SENATOR MUSTO: Coincidentally or -- not coincidentally, but at the same time, really when you're

talking about "clean money" you're talking about money that is not state contractor money.

MICHAEL BRANDI: Correct.

SENATOR MUSTO: Correct?

MICHAEL BRANDI: Correct, not state contractor money.

SENATOR MUSTO: Right.

MICHAEL BRANDI: It is under a clean election system that we have that money would not be allowed in a -- in a race for a Connecticut office.

SENATOR MUSTO: Right. But what we're talking about is that there are several ways to allocate that money within the federal account itself. You can segregate any state contractor money into a different account and not use it to reimburse any state funds. Correct?

MICHAEL BRANDI: There are allocations that can be done for certain types of expenditures like headquarters that are allowed, not for staffing under -- under federal -- under the federal account right now, what we're saying that you cannot do is use that money for staffing that would then be used for staff that are working on Connecticut candidate's campaigns.

SENATOR MUSTO: Right. But what I'm saying is if that -- if the money put into the federal account was raised in such a way that it was clean money by your definition --

MICHAEL BRANDI: Right.

SENATOR MUSTO: -- what is the prohibition against using that money for state accounts?

MICHAEL BRANDI: There is -- you could use certain funds, which are raised in the federal context towards possibly might be allowed in a Connecticut race. But our issue right now is that there is no segregation of the monies that are going into the federal account. The monies are going into one account, which are from state contractors, from lobbyist, from any other sources that are otherwise prohibited in a state race.

SENATOR MUSTO: So if that money were segregated, you would not have a problem with it?

MICHAEL BRANDI: If that money -- not just segregated, it's you can't use that money to offset what you might have. For example, if I'm raising all money in the federal account to pay all staff in the -- in the -- that are currently in the headquarters that are working, you can't offset future work by saying well we -- we're going to pay them now out of the state account, but we were paying them out of the federal account for months and months. That's an issue because now you're floating. It's like floating a loan from a federal account to the state account until that account can raise sufficient money. What we're saying at this point is that if you're going to pay staff to work on a state candidate's behalf, it has to be out of the state account and it can be raised in that way.

And that's why we say in the advisory opinion that you can raise money -- it's a strategic decision as to where to raise the money. You can raise money in your state account to pay for these expenditures.

SENATOR MUSTO: I want to get back to my question.

MICHAEL BRANDI: Sure.

SENATOR MUSTO: If the money that you consider dirty money is not -- is segregated in its own account, lobbyist money, contractor money, things that you could not raise in Connecticut under state law that permissible under federal law, if that money is segregated into a different account so that it is not used for any state purposes, right --

MICHAEL BRANDI: Uh-huh.

SENATOR MUSTO: Are you following me?

MICHAEL BRANDI: Uh-huh.

SENATOR MUSTO: So we're not using that money for state purposes, we're only using that money for federal purposes because for federal purposes, that money is clean money.

MICHAEL BRANDI: Absolutely, that's not in our jurisdiction. If you're going to segregate that money and use it only for federal candidates or federal purposes, it's outside of my jurisdiction.

SENATOR MUSTO: As long as the money in the federal account -- in the other federal account is used -- is raised under what would be considered clean money under Connecticut law, no lobbyist money, no state contractor money, none of that, and that money is available for state use, it would not violate any state law. Is that correct?

MICHAEL BRANDI: Theoretically, you're talking about segregating what's in one account right now.

SENATOR MUSTO: No. I'm talking about different accounts. We're talking about a federal treasurer --

MICHAEL BRANDI: Uh-huh.

SENATOR MUSTO: -- segregating money in different accounts. One account says Look, this is -- this is money that the feds let us raise, but the state doesn't and then there is money that the feds let us raise and the state does. It's clean money under both --

MICHAEL BRANDI: Sure.

SENATOR MUSTO: -- systems. Right?

MICHAEL BRANDI: Right.

SENATOR MUSTO: And then there is the state money which the feds may not like part of it, but it's state money and it's fine under Connecticut rules. So you've got your state party money --

MICHAEL BRANDI: Sure.

SENATOR MUSTO: -- and you've got your dually clean money and you've got your federally clean money. Right? What's the prohibition on using the dually clean money for state purposes.

MICHAEL BRANDI: Theoretically, it's possible. We would have to see the details of how that's done in order to make sure that that money is not -- again, to make sure that the unclean money is not floating the ability -- if you're raising it much higher levels, that you're not being able to float that money to support staff, which later on you're going to say is

being paid for out of clean money. That's one of the issues that we have to look at.

It has to be a factual scenario. We would have to go and look at all of the differences in how that money is being segregated and how they're raising it.

SENATOR MUSTO: Okay.

MICHAEL BRANDI: If you're going to raise money under -- as we phrase, clean money, the best method to do it, the simplest way to do it is to raise it in the state account.

SENATOR MUSTO: Well, that actually brings me to my next question.

MICHAEL BRANDI: Right.

SENATOR MUSTO: Because under the law, regardless of where the money comes from, how it's raised, it's got to be raised federally clean money, staff that works more than 25 percent of its -- of their time on a federal election -- federal issues, whatever -- however the law is simply worded, federal campaign/candidate issues, has to be paid 100 percent from federal money. That's federal law and we can't affect that, obviously. Okay. The feds have occupied the field on that. They've made their decision. It's 25 percent.

MICHAEL BRANDI: Okay.

SENATOR MUSTO: Correct?

MICHAEL BRANDI: Yes.

SENATOR MUSTO: I understand that there is state law. I'm talking about federal law.

MICHAEL BRANDI: The federal law as the FEC interprets it is that -- and again, that was put in when state laws were weaker. What you're talking about the federal preemption. We don't agree a federal preemption here exists and we've vetted this with D.C. counsel, as well. We don't agree that there is a federal preemption. There is compliance with both sets of laws. What we're saying here is that because the Connecticut law, the stricter law applies. So Connecticut law, in that context, if you're spending money for staff on a state campaign, it has to be paid for with clean money, 100 percent.

SENATOR MUSTO: What Connecticut defines as "clean money"?

MICHAEL BRANDI: Correct.

SENATOR MUSTO: Which is different from what the feds have defined as "clean money."

MICHAEL BRANDI: We can go into that, sure.

SENATOR MUSTO: Okay.

MICHAEL BRANDI: There are differences.

SENATOR MUSTO: Well, we don't have to get into the specifics.

MICHAEL BRANDI: Sure.

SENATOR MUSTO: But we agree that there are differences. Some of the money that state raises, the feds would not let us raise if it were completely federal law.

MICHAEL BRANDI: Very few dollars.

SENATOR MUSTO: Right.

MICHAEL BRANDI: There are ways that the federal law separates certain types of fines, but Connecticut overall has stricter requirements for the raising of funds and our requirements under a clean money system are stricter than federal law.

SENATOR MUSTO: Okay. So getting back to what you were talking about with Senator McLachlan --

MICHAEL BRANDI: Sure.

SENATOR MUSTO: -- if the party chair is paid or the executive director is paid or the staff paid, you know, the secretarial staff, dedicated staff, people who work with the state central parties of any parties --

MICHAEL BRANDI: Sure.

SENATOR MUSTO: -- and if they end up devoting more than 25 percent of their time to federal issues, those salaries under federal law, must be paid 100 percent by federal monies. Correct? Under federal law.

MICHAEL BRANDI: Those funds, yes. Those funds, yes.

SENATOR MUSTO: Okay.

MICHAEL BRANDI: That's only if you acknowledge that there is a preemption by federal law. Now, what we're saying is that we have vetted this out and there is no automatic preemption when the state law is stricter, the law governs and that's what we're saying here. Is that in that context, let's say the executive director of

the party is working more than 20 percent of the time on federal candidates, so under what you're quote from the FEC in one of the their opinions, is that because then the state law was weaker, that -- and to prevent that soft money from coming in, that they require that 100 percent of that person's time be -- be paid for with federal monies. Now, what we're saying is that under current law, that preemption does not -- it does not exist, that there is a possibility -- there is a way to pay that person 100 percent out of the state monies because the state monies are raised in a stricter context than the federal monies.

SENATOR MUSTO: Okay. Let me see if I understand what you're saying.

MICHAEL BRANDI: Sure.

SENATOR MUSTO: And if I understand what you're saying, I have to really (inaudible.)

MICHAEL BRANDI: Sure.

SENATOR MUSTO: Are you saying that because you're saying that state law is stricter and you keep saying it's clean money, it's stricter.

MICHAEL BRANDI: Correct.

SENATOR MUSTO: That if the executive director, or secretary or the state party chair of the Republican or the Democrats works for 30 percent of their time on federal issues, that under federal law --

MICHAEL BRANDI: Go ahead, I'm sorry.

SENATOR MUSTO: -- under federal law, they do not have to be paid 100 percent out of federal funds.

MICHAEL BRANDI: You're saying under federal law.

SENATOR MUSTO: Under federal law.

MICHAEL BRANDI: So that's if the federal preempts it and has governance over it.

SENATOR MUSTO: No. No. What I'm asking is under federal law, forget Connecticut law, forget preemption, there is an exemption in federal law, any exemptions that would allow one of the people I named --

MICHAEL BRANDI: Uh-huh.

SENATOR MUSTO: -- to spend more than 25 percent of their time on federal issues and be paid with any amount of state funds?

MICHAEL BRANDI: The example you're using would cause us to ignore Connecticut law. And what we're saying is they have to be read simultaneously and you have to comply with both sets.

SENATOR MUSTO: Okay.

MICHAEL BRANDI: And what we're saying is --

SENATOR MUSTO: We will get to that in a minute.

MICHAEL BRANDI: Okay.

SENATOR MUSTO: But my question is under federal law, is there any exemptions or any reason, any way that state funds could pay for part of that person's salary under federal law?

MICHAEL BRANDI: That state funds could pay for it?

SENATOR MUSTO: Correct.

MICHAEL BRANDI: So state funds could pay for 100 percent of their salary. You could choose to pay for the executive director's, we believe, 100 percent with state monies because state monies are raised in a stricter fashion. What we're getting into here is the preemption argument as to whether or not the federal law preempts the state law and in this context, our -- our opinion and our advice has been that it does not preempt state law. State law because in the context of the money being raised to support that salary, money in the state account raised under what we call clean methods would be the preferred source to pay for that salary and that's where part of our opinion has also delved into, and again, we have spent a lot of time to -- to struggle through these issues and talk to a lot of outside counsel, as well, to make sure that we are reading things appropriately and interpreting them appropriately. That is where the commission stands at this point.

SENATOR MUSTO: Okay. As I understand the federal law, I don't think you can pay that person at all out of state funds, not at all. If they're spending 30 percent of their time, you can't pay them for the other 70 percent out of state funds. I think the feds would have a big problem with that and when you have someone who is a sole person -- I understand from your -- let me back up. I understand from your opinion, which I've read a few times now, and I pulled it up, that your answer to that is allocate their time someone.

MICHAEL BRANDI: Correct.

SENATOR MUSTO: Do you have any authority under --

MICHAEL BRANDI: Not for staffing.

SENATOR MUSTO: Not for staff.

MICHAEL BRANDI: Not for staff, correct.

SENATOR MUSTO: Okay. If you can't allocate the time for staff, then how do you -- should you have two executive directors, two secretarial staff.

MICHAEL BRANDI: Again, strategically as to how you want someone to run a federal campaign -- the federal account versus the state account, what we're saying is you pay for the expense of the individual who is working on state campaigns to have to comply with state law, which would required to be paid 100 percent out of the state account. What we're saying and your argument goes to a federal preemption. You argue that the federal law provides preemption over state law which would require that person to be paid 100 percent by federal versus state. We don't agree with that interpretation. We don't agree that preemption exists when the Connecticut law is stricter and the requirements for raising funds into those accounts under Connecticut law.

SENATOR MUSTO: Okay. And just to be clear, I'm not talking about preemption.

MICHAEL BRANDI: Sure.

SENATOR MUSTO: What I'm talking about is a conflict. I'm not saying who wins it.

MICHAEL BRANDI: Uh-huh.

SENATOR MUSTO: If it were a preemption issue, we would say the feds win it automatically. I'm saying that there is a conflict between what you're saying under Connecticut law and what the feds are saying.

MICHAEL BRANDI: Uh-huh.

SENATOR MUSTO: Under federal law, if the state party chair is paid \$10,000, and the state party chair has determined that he spends 30 percent of his time on federal issues, that under federal law, the state party chair would be required to pay -- be paid 100 percent out of federally-raised funds. That's the first issue and it seems to be that that's the case. I haven't heard -- you say that there is an exception because the state has a more strict rule as far as how the funds can be raised. Where is the exception found?

MICHAEL BRANDI: How they can be spent?

SENATOR MUSTO: How it can be spent.

MICHAEL BRANDI: The advisory opinion is related to some of this. And some of it, you know, interpretation of our current statute, and again, under Connecticut law. Again, I have no jurisdiction over the federal law. I cannot, you know, interpret or give you advice on the -- what the FEC -- what's in the FEC's jurisdiction. What we're talking about is compliance with Connecticut law when you are expending funds that are raised not according to Connecticut rules and you're going to expend Connecticut funds -- excuse me -- funds on a Connecticut candidate, they must be in compliance with Connecticut law and that's --

that's where you're seeing a conflict there, and there very well may be, but the overarching theme here is that if you pay for it through the state account under rules that are stricter than the federal, we believe that you would be in compliance with both laws.

SENATOR MUSTO: Okay. I don't see how it can't be a conflict.

MICHAEL BRANDI: Uh-huh.

SENATOR MUSTO: I mean, you've got -- you've got two sets of rules that are telling you to do to separate things by two different sovereigns.

MICHAEL BRANDI: Uh-huh.

SENATOR MUSTO: And I think Senator McLachlan was right on point when he said that this is really very -- it's unrealistic at best to say that the staff who is doing these kind of either grassroots, I think he brought up, I brought up the party leadership, the executive director, chairman, people who work in the office, you can't segregate them out completely and make half the staff or 30 percent of the staff on federal and 70 percent of the staff on state. You can't do it. And every time you have one of those people who works on both, even if under Connecticut law, you would say we -- this person worked 70 percent on state and 30 percent on federal, we think it would be okay to pay them 30 percent from state -- excuse me -- 70 percent from state and 30 percent on federal -- federal law says no, that person spent more than 25 percent of their time on federal issues and they must be paid 100 percent under federal -- under federal law, they must be paid 100 percent from federal funds. If I'm not incorrect in the law -- the

federal law, that's a clear conflict. You've got two different sets of laws telling you to do two different things. Who wins? That's a preemption argument. And it may be that Connecticut wins because there is some exemption that you are going to have show me at some point or it may be that the feds win because there is a -- it is preempted. I don't know which right now.

But what I do know is that this doesn't give party leadership -- any party, or even candidates are going to be working with our federal counterparts, an election might have -- I know there are different rules for different things, but there are a lot of different rules for all of these things and the advisory opinion seems to gloss over that by saying, well, we think Connecticut law is stricter so we're going to apply Connecticut law and we only have jurisdiction over Connecticut law so we're going to apply Connecticut law. That's great, but what -- but it doesn't say when the feds come in and say wait a second, you complied with federal law, that's great, you violated all -- excuse me -- you complied with state law and that's great, you have violated all our federal laws, and then we're in a lot of trouble, whoever is running the state party is in a lot of trouble.

So I think that the -- this whole discussion is very much in my mind -- it's a complicated issue.

MICHAEL BRANDI: Absolutely.

SENATOR MUSTO: But you know, the fact that it's a complicated issue doesn't mean we can't address it or shouldn't, but I really think, you know, Michael, you and I have talked about this a

little bit before, I really think that the (inaudible) here is ducking this issue as to what to do with federal law. You may not like it that federal law requires this 25 percent rule and 100 percent payment and it may be an answer that we segregate some of what you might not consider clean money and try to pay whatever we have to from the federal rules out of the clean money that is raised out of the federal account, but it strikes me as terribly inconsistent and on the ground impractical to have -- to have this system that you've set up and I think it's just going to cause one of two things to happen because you can't do them both, you can't do them at the same time, you can't comply with both federal law, the way I understand it and state law the way you've interpreted it.

It seems to me that it's impossible to do that. So I don't know what else to say about it.

MICHAEL BRANDI: I understand.

SENATOR MUSTO: And we're going to have to take a look at this. I mean, maybe this bill is a way to get at that and maybe we need to think about how to change some of the Connecticut law so it is more consistent with federal law. Why wouldn't we? I mean, it would give everyone a very clear understanding saying, you know, just right the federal law into the state law or something like that, but it's a short session. We haven't really raised that issue. We haven't had a chance to talk about it before today. I think it's going to be problematic. In the meantime, this rule that you're setting forth in the advisory opinion -- seeks setting forth, I should say, in the advisory opinion is -- I don't know. It's going to be problematic. I don't think it's the way we've

been doing things for years in either party and I don't think that it's really going to benefit anyone. So...

MICHAEL BRANDI: Senator, if I could just add --

SENATOR MUSTO: Sure.

MICHAEL BRANDI: -- one of the key element that we have in Connecticut is our state contractor ban and what we need to be very careful of is that we're not trying to find loopholes around the ban, which has been vetted all the way up to the Second Circuit Court of Appeals and upheld. Our system to make sure that we have a clean money system has been upheld in the federal courts so when we are dealing with state candidates in state issues, we need to make sure that we're not looking here to blow a new loophole into the law to allow monies that -- that under Connecticut law are not allowed into the system and has been vetted in the green party litigation up through the Second Circuit Court of Appeals.

We need to make sure that we're not trying to write something in here that would upend the Citizens Election Program and allow for an end around to allow those prohibited monies into Connecticut elections. Thank you.

SENATOR MUSTO: The Green Party litigation --

MICHAEL BRANDI: Sure.

SENATOR MUSTO: -- what was the -- what was the issue?

MICHAEL BRANDI: There were multiple issues involved in it and I can get you the --

SENATOR MUSTO: Well, which one dealt with this issue, with the federal law versus --

MICHAEL BRANDI: What it dealt with directly is that it upheld the state contractor ban and what we're talking about here is -- when you talk about the federal law and you're talking about the ways that you can raise money under the federal rules, federal law allows you to raise contractor money, Connecticut law does not. And what the federal litigation upheld was the fact that Connecticut's method because we had actual corruption going on dating back with the Rowland administration, where you had examples of actual corruption, it upheld the prohibitions on (inaudible) and our state contractor ban, so that directly deals with how our clean money system is structured on.

SENATOR MUSTO: I understand, but my question did it deal with the conflict? The apparent conflict between state law and the federal law that you site in your advisory opinion?

MICHAEL BRANDI: It allows for the stricter Connecticut law to stand and we can get you the opinion and we can get you some advice on that subsequent to today's testimony.

SENATOR MUSTO: Okay. Because I don't remember anything in that opinion about -- I understand the state contractor ban and there was an issue of free speech and monies, et cetera, and I understand that the only reason that the contractor ban was held up was because of the history of corruption, otherwise, it would be a possible violation of First Amendment rights of the state contractors to speak. I don't remember anything in there regarding whether the federal law was preempted -- preemptive or anything like that.

MICHAEL BRANDI: I'm not saying that they directly address the preemptive argument, what I'm saying is that the whole foundation of the Citizens Election Program and campaign finance and public finance in Connecticut is based in large part on clean monies coming and being raised. So the federal courts upheld the ability to do that and upheld our ability to maintain those kinds of restrictions in our system which when you're dealing with the federal -- raising money under the federal account versus the state account, you're dealing with those underlying issues. So we can certainly, you know, get some information for you and provide you other additional information on that.

SENATOR MUSTO: Okay. Thank you.

Senator McLachlan.

SENATOR MCLACHLAN: Thank you, Mr. Chairman.

For a second time, thank you again, Mr. Brandi.

MICHAEL BRANDI: Sure.

SENATOR MCLACHLAN: What if a Connecticut party committee makes a donation of \$100,000 to the national committee and federal funds -- federal contributions and two months later, the national committee makes a donation of \$110,000 to the state committee. Are those federal funds or state funds?

MICHAEL BRANDI: It would depend on where they raised that money, how they raised that money, what's in their disclosures. We would have to see where those monies -- that's all within the federal system. It's nothing that touches

(inaudible) or any of the disclosures made to us. If we're talking the federal party committee makes a contribution to the national party, that would be reported to the FEC and we would be able to track through the FEC filings what the sources of those monies were. But that is not -- that's not within our jurisdiction then.

SENATOR MCLACHLAN: I understand that. Okay. So forget about the first transaction, one transaction is a donation and frankly, I don't know how often that occurs. I mean, I don't think the Republican State Central Committee has a bunch of money to send to Washington, but what -- my point is if money comes from the national committee to the state committee, is that federal money for only federal campaigns or may it be spent in the state account for state campaigns?

MICHAEL BRANDI: I would have to check the statute on that to be honest, but I think there is a method by which monies coming directly from the national committees, it's specifically carved out of the law to allow them to make a contribution to -- and again, from a national committee directly to a state party committee. I would have to check on that to be -- to verify that, but we can get that information to you right away.

SENATOR MCLACHLAN: And are you clear why I'm asking that question?

MICHAEL BRANDI: Uh-huh.

SENATOR MCLACHLAN: Okay. Thank you.

MICHAEL BRANDI: Absolutely.

SENATOR MUSTO: Other questions from members of the committee?

Okay. Thank you.

MICHAEL BRANDI: Thank you.

SENATOR MUSTO: We've gone well passed our first hour and we'll move on to the general public list. Melissa Russell from ROVAC is our first witness followed by Representative Ziobron.

MELISSA RUSSELL: Good afternoon, Senator Musto, Representative Jutila, and members of the GAE Committee. My name is Melissa Russell and I am the president of ROVAC and a registrar of voters in Bethlehem. I'm here today to speak in support of S.B. 441. This is the bill that allows for the use of electronic poll books in elections and primaries. Poll books have a distinct advantage over the paperless method. One of them is that it reduces the wait time in line. Rather than waiting for someone to take a piece of paper book and page through it to find a name, it's done with a few clicks of a mouse. It also eliminates the time -- time wasting during end of night counting for checkers. Having worked as a checker, one of the toughest jobs after 16 and a half hours or so is to sit there and count up all the names and try to balance your books.

An electronic poll book would get this done for that checker automatically. And candidates can also in certain cases update who -- get updated voter lists throughout the day so they don't have to hire unofficial checkers and runners to get that information. Registrars across the state -- across the state are eager to implement this. They want the poll books and according to the National Conference on State



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 Martin Mador, Legislative Chair

Government Administration and Elections Committee
 March 17, 2014

Testimony In Support of
SB 455 AAC the Citizens' Election Fund
 In opposition to Section 20 of
SB 451 AAC Government Administration, State Contracting, Regional School Boards and the
 State Elections Enforcement Commission

I am Martin Mador, 130 Highland Ave., Hamden, CT 06518. I hold a Masters of Environmental Management degree from the Yale School of Forestry and Environmental Studies.

I am testifying on SB 455 in my capacity as:

- The Legislative Chair of the Sierra Club-Connecticut Chapter
- The Political Chair of the Sierra Club-Connecticut Chapter
- The treasurer of a campaign committee for a candidate for the General Assembly for the 8 elections from 2000 through 2014

To Protect our Environment, we first have to Protect our Democracy

The national Board of the Sierra Club has established the Democracy Initiative Program, which works to ensure we have a strong, vigorous, and appropriate democracy in the country. This has been a strong priority for both the national organization and the state chapter.

Public financing of elections, which began in Connecticut with the 2008 election, is a specular example of how to best run a democracy. As this program serves to protect us from the corrosive and corrupting influence of money on politics and elections, is a bright spot for the state, an example for the country, and one we should hold in highest reverence. About 80% of candidates now participate, an extraordinary testament to the program. The money it takes to support this program is the best possible expenditure of state funds we can imagine.

However, this program (Citizens Election Fund, CEF) cannot succeed unless it is fully funded, and unless that funding is guaranteed, in advance. The program now is at risk, as it depends on accurate advance predictions of necessary funding for every participating candidate.

Passage of SB 455 is necessary to ensure that funds will be available to all qualifying candidates. It is the state's commitment, in advance, that funds will be there for the CEF. It solves, permanently, a nagging, chronic problem which threatens the integrity of the CEF

SB 455 is a necessary bill. It must be passed.

We do not favor section 20 of SB 451 as the mechanism it promotes would not guarantee full funding for the CEF.



STATE OF CONNECTICUT
STATE ELECTIONS ENFORCEMENT COMMISSION

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**TESTIMONY PRESENTED BEFORE THE GOVERNMENT ADMINISTRATION
AND ELECTIONS COMMITTEE**

March 17, 2014

*Statement of Michael J. Brandi, Executive Director and General Counsel
State Elections Enforcement Commission*

The State Elections Enforcement Commission provides the following written testimony concerning campaign finance bills on the Committee's agenda today.

Senate Bill No. 451- An Act Concerning Government Administration, State Contracting, Regional School Boards and the State Elections Enforcement Commission.

Like Senate Bill No. 455, Section 20 of Senate Bill No. 451 also seeks to ensure sufficiency of the Citizens' Election Fund by creating a reserve account from which the Commission can make grant payments should there be insufficient funds in the Citizens' Election Fund.

We support this section of the bill to the extent that it would ensure the continued viability of the program; but note that it presents a less desirable approach than that taken in Senate Bill No. 455 as it provides for a set amount of funds to be deposited into the reserve account. Senate Bill No. 455 provides a more permanent solution by guaranteeing the payment of all grants of qualified committees.

House Bill No. 5549 – An Act Concerning Violations by State Contractors or Prospective State Contractors of Campaign Contribution Laws.

The Commission strongly supports House Bill No. 5549 and any other efforts to increase the penalty for violations of the state contractor provisions.

House Bill No. 5552 - An Act Concerning Slate Committees

The Commission also supports House Bill No. 5552 with one minor technical change. This bill reclassifies slate committees as their own type of committee rather than as a type of durational political committee. Under existing law, slate committees could not receive the benefit of town committee organization expenditures. This bill remedies that issue.



LEAGUE OF WOMEN VOTERS OF CONNECTICUT, INC.®

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CGA Government Administration and Elections Committee

March 17, 2014 Public Hearing

Campaign Finance Bills

Comments Submitted by Christine S. Horrigan, Government Chair

Support for:

Senate Bill No. 455

AAC THE CITIZENS' ELECTION FUND

Section 20 of Senate Bill No. 451

**AAC GOVERNMENT ADMINISTRATION, STATE CONTRACTING, REGIONAL
SCHOOL BOARDS AND THE STATE ELECTIONS ENFORCEMENT COMMISSION**

Opposition to:

Senate Bill No. 453

AAC STATE PARTY FEDERAL ACCOUNTS

The League of Women Voters of Connecticut is a statewide organization with over 1600 members committed to effective public policy and the active involvement of citizens in their government. We appreciate the opportunity to submit comments on the campaign finance bills before you today.

The League of Women Voters of Connecticut believes that the goals of a campaign finance system should ensure the public's right to know, combat corruption and undue influence, and enable candidates to compete more equitably for public office.

SB 455 – AAC The Citizens' Election Fund

The League believes that partial public financing of campaigns for state offices will enable candidates to run for office regardless of personal finances and can aid in removing the undue influence of large scale money. We *strongly support* SB 455. By extending "overdraft protection" to the CEF, this bill ensures that the Citizens' Election Fund is capable of paying grants to all qualifying candidates during an election cycle. It eliminates the uncertainty associated with estimating the sufficiency of the Fund based on predictions of who will run for office and, of those individuals, who will choose to apply for grants, and the possibility that grants will be reduced proportionally if the monies in the Fund are insufficient, allowing candidates to raise additional funds with no restrictions on qualifying contributions.

In light of the recent cuts to the Citizens' Election Fund, the League believes that passage of this bill is critical to guarantee the smooth operation of the Fund and to ensure that candidates can compete successfully regardless of personal finances. Please vote YES on SB 455.

Section 20 of SB 451 – AAC Government Administration, State Contracting, Regional School Boards and the State Elections Enforcement Commission

Under Section 20 of SB 451, eleven million dollars would be deposited into the Commission's existing reserve account and would be used to pay grants in the event that the funds in the primary account of the Citizens' Election Fund are insufficient to provide full grants to all qualifying candidates. Although the League prefers the approach taken under SB 455 to guarantee the sufficiency of the Citizens' Election Fund, we support Section 20 of this bill as an alternative measure to ensure the continued viability of the Citizens' Election Program.

SB 453 – AAC State Party Federal Accounts

As noted earlier, the League believes that one of the primary goals of a campaign finance system should be to combat corruption and undue influence. We actively worked for passage of the historic 2005 Campaign Finance Reform law, which banned state contractor and lobbyist contributions, and subsequent amendments in response to court rulings.

The League *strongly opposes* SB 453. This bill would create a giant loophole in our campaign finance laws and would effectively allow lobbyists (currently limited in amount) and state contractors (currently banned) to make contributions to state candidates through the "back door" of a state party's federal account. The bill would allow up to 50% of the money spent on staff, office space and other permissible expenses, *including organization expenditures*, to be paid out of a party's federal account which may include monies raised from Connecticut state contractors and lobbyists. Since a state party may make unlimited organization expenditures in support of state candidates, there is no realistic limit to the amount of state contractor and lobbyist money that may benefit these candidates.

The League believes that it is critical to the integrity of our elections and the public's confidence in government that funds that are generally prohibited from being used in Connecticut elections do not find their way into those elections through the use of a federal account. We further believe that the approach outlined by the SEEC in its recently released *Advisory Opinion 2014-01* strikes the right balance for use of federal and state accounts by party committees. State party committees should pay for expenses related to state candidates, including organization expenditures, with money raised within the Connecticut campaign finance system in accordance with Connecticut law. Please vote NO on SB 453.

Thank you again for the opportunity to comment on these bills.

ConnPIRG

**Standing Up
To Powerful Interests**

Testimony of Abraham Scarr, Director
Connecticut Public Interest Research Group (ConnPIRG)
in support of
Proposed Senate Bill No. 453:
An Act Concerning the Citizens' Election Fund
and opposed to
Propose Senate Bill No. 453:
An Act Concerning State Party Federal Accounts

Chairperson Musto, Chairperson Jutila and Members of the Committee: My name is Abe Scarr and I am the Director of the Connecticut Public Interest Research Group (ConnPIRG). Thank you for the opportunity to submit written testimony regarding proposed Senate Bills 453 and 455.

ConnPIRG is a non-profit, non-partisan consumer group. Our democracy program works to foster a more responsive, representative democracy by limiting the influence of special interests and special interest money on our elections and increasing opportunities for citizen participation.

Since its creation, the Citizen's Election Program has had a positive impact on elections in Connecticut and, therefore, in the functioning of our democracy. In the 2006 General Assembly Elections, before reforms were in place, less than half of contributions to candidates were from individuals. In the 2008 and 2010 elections, 97% came from individuals. The majority of those contributions were under \$100. Campaign funding is coming from a broader array of Connecticut residents giving less money. This shift from large donor to small donor is vital to keeping candidates and elected officials responsive to the public.

Proposed Senate Bill 445: Support

SB 455 ensures the Clean Election Funds (CEF) is capable of paying grants to all qualifying candidates, regardless of the size of the field of candidates. The bill solves an almost inevitable cash flow problem.

Proposed Senate Bill 443: Oppose

According to a recent advisory opinion¹ by the State Elections Enforcement Commission, current law sets guidelines for cost sharing for state parties between state and federal accounts. While the details can get complicated, the general principle is simple: "Connecticut committees pay for their expenses with money raised within the Connecticut campaign finance system, i.e. from permissible contributions or public financing grants, properly reported under Connecticut law."²

SB 453

¹ http://www.ct.gov/seec/lib/seec/laws_and_regulations/advisory_opinion_2014-01.pdf

² Ibid. Page 2

State parties are responsible for structuring expenses and cost sharing agreements to ensure money raised outside of state campaign finance laws are not used to support or oppose candidates for state office. If federal staff or resources are used to support state candidates, state funds must reimburse the federal committee at fair market value.

As written, SB 443 would allow state parties to pay up to 50% of staff, office, or other permissible expenses from federal accounts. This weakens the firewall between state and federal accounts and could lead to an influx of lobbyist and state contractor money into state elections.

SB453

Again, thank you for the opportunity to submit written testimony in support of proposed Senate Bill 445 and opposed to proposed Senate Bill 443.

SB455

Abe Scarr
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STATE OF CONNECTICUT
STATE ELECTIONS ENFORCEMENT COMMISSION

**TESTIMONY PRESENTED BEFORE THE GOVERNMENT ADMINISTRATION
AND ELECTIONS COMMITTEE**

March 17, 2014

Statement of Michael J. Brandi, Executive Director & General Counsel

Senate Bills No. 455 and 453

Good afternoon, Chairperson Musto and Chairperson Jutila, Ranking Members Senator McLachlan and Representative Hwang, and distinguished Committee members. I am Michael Brandi, Executive Director & General Counsel of the State Elections Enforcement Commission. Thank you for the opportunity to provide testimony before you today. I will be testifying on behalf of Senate Bill No. 455 which contains the Commission's most important legislative initiative this session, one that is necessary to ensure that the Citizens' Election Program is able to provide grants to all those who qualify. The Commission will also provide testimony in strong opposition to Senate Bill No. 453, An Act Concerning State Party Federal Accounts.

Senate Bill No. 455 - An Act Concerning the Citizens' Election Fund

Connecticut's landmark campaign finance reform, the Citizens' Election Program, is financed through the Citizens' Election Fund (CEF), a non-lapsing fund that receives most of its monies from the sale of abandoned property in the State of Connecticut's custody. When the Program was enacted, the Fund's sufficiency was ensured in two ways: (1) an adequate amount was statutorily mandated to be deposited from the escheats account into the CEF, and (2) there is overdraft protection in the law in the event that there is not enough in the escheats fund to meet the statutorily mandated deposit from that account into the CEF.

In 2011, this changed. The amount to be deposited into the CEF from the abandoned property account was reduced annually by forty percent. As a result of this reduction, the overdraft protection needs to be expanded to ensure that there are enough funds in the CEF to award grants to every qualified committee during a statewide election year. Senate Bill No. 455 creates this additional level of overdraft protection. There will never be a fiscal impact if the overdraft protection is never needed. If it is needed, it will avert disaster for campaigns that qualified for and relied upon the availability of a grant. It is a matter of cash flow, ensuring that the monies are available when needed rather than after the election cycle. The deposit into the Fund from the escheats account may be reduced by the amount of the overflow following the election.

The bill provides a surety, into the future, that those who qualify for a grant will be able to receive one. It makes the Program workable under any level of participation.

Without this second level of overdraft protection, the CEP Fund may be inadequate if there is significant participation by statewide candidates this year.

SB 451
HB 5549
HB 5552