

## **DRAFT CHANGES TO RULES GOVERNING TRANSFERS OF CAMPAIGN FUNDS**

### **Rule 4 Filing Reports**

D. C-3 Reports. A separate C-3 must be filed for each deposit. Funds transferred from a previous campaign or from a surplus funds account, pursuant to Rule 11 B., must be reported on a separate C-3 with a notation that the funds have been transferred. The report must include the names and addresses of all contributors. The names of two contributors at the same address contributing from a joint account may be reported on the same line. Organization names shall be listed without using acronyms. If the contributor is self-employed, list the occupation and the DBA, and its city and state, or the name, city and state of the contributor's business. If the contributor owns more than one company, report the name, city and state of the parent company or the company with the highest revenues.

### **Rule 11 Winding up a Campaign**

**A. Disposition of Surplus Funds and Assets.** The final C-4 must show the disposition of any surplus funds, or debt, and any capital asset (excluding funds) for which the campaign paid \$200 or more, or an in-kind contribution valued at \$200 or more, on a Schedule A, Schedule L or C-3, as appropriate. If the campaign disposes of such capital assets, it shall attach to the C-4 for the period a note describing the capital asset, date of purchase and name and address of the person or new political committee to which the committee transfers the capital asset. The final report must show a zero balance.

### **B. Transferring Surplus Funds or Capital Assets.**

1. The Executive Director will prepare a list of contributors ~~who may give permission to have their contributions transferred from one candidate committee to the same candidate's committee for a different office~~ whose contributions make up the surplus funds and capital assets available for transfer to another committee. The Executive Director shall ~~assume the first contributions received were the first contributions spent. The Executive Director shall create a list of contributors,~~ beginning with the most recent contributions to the candidate's committee, and working backwards chronologically until the aggregate of those contributors' contributions equals the amount of funds and capital assets ~~at their fair market value~~ on hand. Capital assets will be valued at their fair market value.

2. Before transferring funds or capital assets to a committee for a different office, a committee A candidate must, in writing, ask sufficient contributors who are eligible pursuant to Rule 11.C below, to sign a grant of permission to transfer the funds or assets from the committee for the former office to a committee for an identified new office secure written permission to do so from the contributors identified in the list prepared by the Executive Director. If a contributor does not grant permission to have his or her contribution transferred, the committee may not solicit a different contributor for permission unless that contributor is already on the list provided by the Executive Director and contributed funds that remain available to be transferred. A transferred

capital asset is not attributed to a contributor; it is transferred from the old committee does not count against any individual contributor's contribution limit; it is attributed to the transferring committee.

3. Whether transferred to a subsequent committee for the same office or a committee for a different office, transferred funds are considered contributions by the original contributor to the committee receiving the transfer, and count against the contributor's contribution limit. Surplus funds that are first deposited in a surplus funds account, and subsequently are transferred to a political committee, also count against the original contributor's contribution limit.

**C. Disposing of Campaign Debt.** A candidate committee with a debt may dispose of the debt, and then file a final report, in the following ways: (a) by receiving sufficient contributions to pay the debt; (b) by transferring the debt to a new campaign for the same office; (c) by obtaining agreement from the creditors to forgive the debt (such forgiveness is considered a contribution and contribution limits apply); or (d) by the candidate personally assuming any campaign debt and reporting such assumption as a contribution to his or her campaign.

**D. Transferring Debt.** Candidate, ballot issue, and independent expenditure committees may transfer loans, debts and other obligations to a new campaign for the same office or the same issue and the new campaign may assume such loans, debts or obligations. The following reporting rules shall apply to such a transfer and assumption:

1. Transferring Loans. The transferring committee shall report the transfer of a loan by filing a Schedule L with its final report that reports the loan as forgiven on line 3 of Schedule L. The transferring committee shall also file an amendment to the original C-3 reporting receipt of the loan. This amendment shall change the name of the lender from the name of the original lender, to the name of the new committee to which the loan is being transferred. In addition to the name of the new committee, this report shall include the new committee's address. Where the new committee is a candidate committee, the amendment shall also include the year in which the new committee's candidate will appear on the ballot. Where the new committee is a ballot issue committee, the amendment shall also include the word "new" after the committee name. Where the new committee is a continuing political committee, the amendment shall also include the word "continuing" after the committee name. The new committee shall report assumption of the loan by including a Schedule B with its initial C-4. It shall report the loan on line 3. Under "Vendor's/Recipient's Name and Address," the new committee shall report the name of the person who originally made the loan to the transferring committee.

2. Transferring Other Debts or Obligations. The transferring committee shall include a note with its final report reporting that the debt or obligation has been transferred to the new committee, including the name and address of the new committee, the year in which the new committee's candidate or ballot issue will appear on the ballot, the name and address of the vendor, a description of the obligation, and the amount owed. The new committee shall report assumption

of the debt or obligation by filing a Schedule B with its initial C-4 and reporting the debt or obligation on line 3.