Dianne Sample is a candidate for State Treasurer. On her original Form 501, Dianne did not accept the voluntary expenditure ceiling. As her primary election approached, Dianne made several contributions and on May 12 her contributions to her own campaign totaled $5,000,000, more than the amount of the ceiling for the primary election that year. Even though Dianne did not originally accept the voluntary expenditure ceiling, within 24 hours she is required to amend her Form 501 and file it with the Secretary of State in person or by guaranteed overnight delivery, indicating May 12 as the date that her personal contributions exceeded the voluntary expenditure ceiling.

Since Dianne Sample contributed personal funds in excess of the expenditure ceiling during the primary, the ceiling is lifted for all candidates running for State Treasurer, including candidates of other parties, for the remainder of the primary election and the general election.

Using this attribution method, $3,600 of AZX Corporation’s contribution will be attributed to the primary election, and $1,400 will be attributed to the general election. AZX Corporation may make no additional contributions to Winkler’s primary election. Ted and Wanda Smith may each give Winkler another $2,600 for the primary election.

The committee making a transfer must report the transfer as an expenditure on Schedule E of the Recipient Committee Campaign Statement (Form 460). The committee receiving the transfer must report detailed information about the transaction on Schedule A (monetary contributions). Using the information from the above example, Schedule A must include the following information as shown on the next page:

<table>
<thead>
<tr>
<th>Contributor</th>
<th>Date of Original Contribution</th>
<th>Amount of Original Contribution</th>
<th>Amount of Transferred Funds Attributed to the Contributor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ted Smith</td>
<td>10/25/06</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Wanda Smith</td>
<td>10/25/06</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>AZX Corp.</td>
<td>11/02/06</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Abbe Winkler</td>
<td>12/5/06</td>
<td>5,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>
Chapter 1 — State Restrictions

<table>
<thead>
<tr>
<th>Date of Transfer</th>
<th>Name and Address</th>
<th>Contribution Code</th>
<th>Occupation/Employer or Committee Identification Number</th>
<th>Amount Transferred</th>
<th>Cumulative Date (Jan 1 - Dec 31)</th>
<th>Per Election (Jan 1 - Dec 31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/30/07</td>
<td>Winkler for City Council (Transfer)</td>
<td>567 21st Street Sacramento, CA 95814</td>
<td>ID #123456</td>
<td>Retired</td>
<td>$1,000</td>
<td>$1,000 P-08</td>
</tr>
<tr>
<td>10/25/06</td>
<td>Ted Smith</td>
<td>7239 Broadway Sacramento, CA 95816</td>
<td></td>
<td>Retired</td>
<td>$1,000</td>
<td>$1,000 P-08</td>
</tr>
<tr>
<td>10/25/06</td>
<td>Wenda Smith</td>
<td>7239 Broadway Sacramento, CA 95816</td>
<td></td>
<td>Retired</td>
<td>$1,000</td>
<td>$1,000 P-08</td>
</tr>
<tr>
<td>11/2/06</td>
<td>AXX Corporation</td>
<td>527 Bell Street Sacramento, CA 95825</td>
<td></td>
<td></td>
<td>$5,000</td>
<td>$3,600 P-08, $1,400 G-08</td>
</tr>
<tr>
<td>12/5/06</td>
<td>Abbe Winkler (Candidate)</td>
<td>1450 Linden Road Sacramento, CA 95814</td>
<td></td>
<td>Attorney Smith &amp; Winkler</td>
<td>$5,000</td>
<td>$125,000 P-08</td>
</tr>
</tbody>
</table>

- The date of the transfer and the name, address, and identification number of the committee making the transfer;
- The name, address and, if applicable, the occupation and employer or committee identification number of the contributor to whom the transferred funds are being attributed (as disclosed on the campaign statement filed after the contributions were originally received or as contained in the committee’s records at the time of the transfer);
- The original date of the transferred contribution; and
- The amount of the transferred contribution, including the cumulative amount received from the contributor in the calendar year and the amount attributed to the contributor per election.

Some electronic filing formats may be different.

The committee making the transfer also must maintain records that identify the specific contributors to whom any transferred contributions have been attributed. If the transferring committee no longer is required to maintain detailed records, the receiving committee shall maintain either:

- The full name of the contributor;
- The date and amount being transferred for each contributor, and if the contribution is a loan, the interest rate for the loan; and
- The cumulative amount of contributions transferred attributed to that contributor OR
- Copies of the transferring committee’s original verified and filed campaign reports that show the original contribution received from each contributor to whom a transferred contribution is attributed.

Exceptions:
- **Surplus Funds**: Funds held by an officeholder or candidate become “surplus” on the closing date of the semi-annual reporting period following an election in which the officeholder or candidate is defeated, or when an officeholder leaves the office for which the funds were raised, whichever occurs last. Once a candidate or officeholder’s campaign funds become surplus, they
may not be transferred or carried over to a future election account or otherwise used for that candidate’s future election. (See Chapter 10.)

- **Carryover:** A state candidate may carry over campaign funds from the primary election to the subsequent general election for the same elective office without attribution. Non-surplus campaign funds may also be carried over from one state election to the next election for the same office without attribution. To carry over funds from one state election to the next election for the same office (e.g., from a 2008 Assembly election to the 2010 election for the same office), the funds must be transferred to a new campaign bank account and committee established for the next election, and the transfer may not be made until after the date of the election for which they were raised. The transferring committee will report the transfer as an expenditure on Schedule E and the committee receiving the funds will report the transfer as an increase to cash on Schedule I. If a candidate raises funds for an election but does not file the necessary documents to appear on the ballot in that election, the funds may not be carried over, but may be transferred with attribution as discussed previously. (Also see below for information regarding the use of funds raised prior to the effective date of Proposition 34.)

Quick Tip: As discussed below, state candidates may raise funds after an election only to pay net debt outstanding. Campaign funds may not be carried over to a future election account if the existing committee has net debt from the prior election.

- **Funds Held on January 1, 2001—Candidates for Senate and Assembly:** Non-surplus funds held in a committee for the state Senate or Assembly on January 1, 2001 (“pre-34 funds”), may be used for a future election without attribution. There is no limit to the number of times the funds may be transferred; however, if the committee holding the funds spends them (that is, the committee’s cash balance drops below the amount of pre-34 funds it holds), the amount that may be transferred to another committee will be reduced. The transferring committee will report the transfer on Schedule E and the committee receiving the funds will report the transfer on Schedule I.

- **Funds Held on November 6, 2002—Candidates for Statewide Office:** Non-surplus funds held in a committee for statewide office on November 6, 2002 (“pre-34 funds”), may be used for a future election without attribution. There is no limit to the number of times the funds may be transferred; however, if the committee holding the funds spends them (that is, the committee’s cash balance drops below the amount of pre-34 funds it holds), the amount that may be transferred to another committee will be reduced. The transferring committee will report the transfer on Schedule E and the committee receiving the funds will report the transfer on Schedule I.

- **Transferring Assets:** It is not necessary to value and attribute a committee’s usual assets (such as supplies, furnishings, and office equipment) that are being transferred from one controlled committee to another of the candidate’s controlled committees. A committee must report the purchase or sale of these assets, but need not report the transfer.

**Raising Campaign Funds After the Election**

Committees controlled by state candidates for election purposes may receive contributions after an election only to pay net
debts outstanding from the election. The primary and general elections are separate elections for purposes of calculating net debt. In addition, the contribution limits applicable to the election apply to any new contributions received to pay debt.

To calculate net debts outstanding, the following are added together:

- An amount necessary to cover the cost of raising funds to pay outstanding debts;
- Any costs associated with complying with post-election requirements, such as the filing of campaign statements, and other necessary administrative costs associated with winding down the campaign, including office space rental, staff salaries, and office supplies;
- The total amount of unpaid debts, loans, and accrued expenditures incurred with respect to the election; and
- Legal fees and expenses incurred in connection with monitoring a ballot recount or the counting of absentee or provisional ballots.

That amount is reduced by:

- The total cash on hand available to pay those debts and obligations, including: currency; balances on deposit in banks, savings and loan institutions, and other depository institutions; traveler’s checks; certificates of deposit; treasury bills; and any other committee investments valued at fair market value; and
- The total amounts owed to the candidate controlled committee in the form of credits, refunds of deposits, returns, or receivables, or a commercially reasonable amount based on the collectibility of those credits, refunds, returns, or receivables.

Phil Barkhouse ran for State Assembly in 2008. After the primary election, he had $50,000 in cash left and owed $95,000 in unpaid loans and accrued expenses. He can raise $45,000 to pay this debt, plus an amount needed to cover fundraising expenses and other administrative costs. All contributions received are subject to the contribution limits that were in effect for the 2008 election.

Larry West ran for State Senate in 2008. After the general election, he had $85,000 in cash left and owed $60,000 in accrued expenses for the election. He may not raise additional funds into the 2008 committee for the general election.

As new funds are received, the amount of the net debts outstanding is reduced. The amount of new contributions may not exceed the amount of net debts outstanding on the date the contribution is received. Any contribution that exceeds the amount of net debts outstanding must be returned to the contributor within 14 days to prevent a violation of the Act.

**Officeholder Accounts**

An elected state officer may accept contributions after the date of the election for the purpose of paying expenses associated with holding the office to which the officer was elected. Officeholder account contributions are subject to calendar year limits both by donor and in the aggregate. In addition, officeholder contributions must be cumulated (in full) with any other contributions from the same contributor(s) for any other future elective state office for which the officeholder maintains a controlled committee during the term of office in which the contribution is received. Officeholder contributions may not be used for contributions or transfers to any state or local committee or for any “election-related” activities.