

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

§ 18404.1. Termination of Section 82013(a) Committees, 24-Month Mandatory

Terminations, and Accepting Refunds after Termination.

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

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

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

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

(4) No remaining or surplus funds; and

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

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

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

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

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

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5 formed ends or, for withdrawn candidates, after the election from which the candidate withdrew.

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

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

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

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

20 (e) Filing of Committee Terminations. As specified in Government Code Section
21 84103(a), the committee shall terminate with the Secretary of State.

1 (f) Terminated Committees: Limited Acceptance, Reporting, and Transferring of
2 Refunds. A committee terminated under this regulation may accept a refund without reopening
3 the committee if all the following is met:

4 (1) The refund is:

5 (A) From a government entity;

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

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

10 (2) The refund is either:

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

15 (B) Deposited into the committee's reopened campaign bank account and expended
16 consistent with Sections 89510-89519, as applicable, including payment of debts that the
17 committee declared it had no intention or ability to discharge under Regulation 18404.

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

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

6 (Note: Authority cited: Section 83112, Government Code. Reference: Sections 84103, 84214,
7 84215, 85301, 85306, 85702.5, 89517.5, and 89519 Government Code.)