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

**§ 18404.1. Termination and Reopening of Committees.**

(a) When a candidate controlled committee organized for elective state office, or an elective city or county office subject to the contribution limit in Section 85301(d), has no “net debts outstanding” as defined in Regulations 18531.6(d), and 18531.61(b)(3), 18531.63(d), and 18531.64(b)(3) the committee must be terminated as set forth in Regulation 18404 no later than 24 months after the earliest of the date the candidate is defeated, leaves office or the term of office for which the committee was formed ends or, for withdrawn candidates, no later than 24 months after the election from which the candidate withdrew.

(b) Campaign Bank Accounts. On or before termination of the candidate controlled committee, the campaign bank account associated with that committee must be closed. No further activity, including receipt of contributions or making of payments, is allowed after the date of the termination of the committee unless the committee and a campaign bank account are reopened pursuant to this regulation or the committee is accepting a refund under subdivision (g)(1)(A)-(C) of this regulation. Contributions received while a committee is closed must be returned to the contributors. Contributions received by a committee reopened in accordance with this regulation are subject to the limits applicable to the election for which the committee was originally formed as well as Regulations 18531.6, 18531.61 and 18536.

(c) Local Committees. Candidates who are elected to an elective state office, or an elective city or county office subject to the contribution limit in Section 85301(d), must terminate any controlled committees formed for local elections held concurrent with or prior to their election to state that office. Such termination shall be pursuant to Regulation 18404 within 24 months of the candidate's election to state that office.
(d) Creditors' Notice. The committee shall give at least 60 days notice of its impending termination to all creditors. Such notice shall include the date upon which the committee expects to file its terminating statement of organization.

(e) Requests for Extensions. A committee may, for good cause, seek from the Executive Director an extension of time to comply with the committee termination requirements of this regulation. Such a request shall be submitted to the Executive Director prior to the original due date for the committee's termination, and shall include evidence of good cause for the request.

(f) Local Candidate Controlled Committees. This regulation does not apply to local candidate controlled committees, except as provided in subdivision (c) and subdivision (g)(1)(A)-(C) of this regulation, and those candidate controlled committees organized for an elective city or county office subject to the contribution limit in Section 85301(d).

(g) Reopening of Terminated Committees. A committee subject to the requirements of this regulation may submit a request to the Executive Director of the Fair Political Practices Commission to reopen for any of the following reasons:

(1) To receive a refund or similar payment received after termination of the committee, except as provided in subdivision (g)(1)(A)-(C);

(A) A state or local candidate controlled committee, including city and county candidate controlled committees subject to the contribution limit in Section 85301(d), that has terminated may accept a refund from a governmental entity without reopening. A state or local committee, including city and county candidate controlled committees subject to the contribution limit in Section 85301(d), that has terminated may accept a refund from a vendor or other person without reopening if the committee did not know of its entitlement to the refund prior to termination and the refund or refunds total no more than $10,000.

(B) A refund allowed by subdivision (g)(1)(A) may only be transferred to a committee
that would have been lawfully allowed to receive funds from the terminated committee prior to
termination. A committee receiving a refund under subdivision (g)(1)(A) is not required to place
the refund in its bank account if transferring the refund to another committee.

(C) A refund allowed by subdivision (g)(1)(A) must be reported as follows: The
terminated committee must file a campaign statement for the period in which any refund was
received by the committee and report the refund as a miscellaneous increase to cash on the
campaign statement and as an expenditure when the funds are used. In the case that the funds are
transferred to a new committee, this transfer must be reported as an expenditure on the
terminated committee's campaign statement. If attribution is required under Section 85306, the
committee to which a refund is transferred must report the receipt of funds as a contribution and
attribute as required by Section 85306. If attribution is not required, the committee to which a
refund is transferred must report the receipt of funds as a miscellaneous increase to cash on its
campaign statement covering the period in which the funds were transferred.

(2) To pay a fine as permitted under Section 89513(c);

(3) To pay expenses incurred in connection with an audit or investigation of the
committee under this title;

(4) To pay litigation expenses as permitted under Sections 89513 and 89514, other than
expenses subject to Section 85304 and Regulation 18530.4; or

(5) For any other good cause shown that would further the disclosure requirements or
contribution limits of this title.

(h) Expenditure of a refund or similar payment under this regulation must be made
consistent with Sections 89510-89519, as applicable, including payment of debts that the
committee declared it had no intention or ability to discharge under Regulation 18404. In
addition, the reopening of a committee to receive payments and make expenditures must be in
compliance with Sections 85316 and 85321 and Regulations 18531.6 and 18531.61. A determination by the Executive Director under this regulation does not constitute a determination regarding the applicability of the statutes and regulations referenced in this subdivision.

(i) Procedures for Reopening Terminated Committees. In order for the committee's reopening to be effective, the committee must:

(1) Request and receive approval to reopen the committee from the Executive Director as specified in this subdivision. The purpose(s) for requesting the reopening of the committee must be included in the request. Within 15 days after a request is received by the Executive Director, the requestor shall be notified in writing of the decision of the Executive Director. In denying or granting the request, the Executive Director shall consider whether the proposed purpose(s) for reopening the committee are as specified in subdivision (g) of this regulation, and specify the purpose(s) for reopening the committee in the notification if the request is granted. If the request is denied, the notification shall state the reason for the denial and advise the requestor of the right to appeal the decision to the Chairman within 10 days after the date of the transmittal of the denial notification. Any such appeal shall:

(A) Be submitted to the office of the Executive Director either in person, by fax, or by overnight delivery service;

(B) Include all material, if any, submitted with the original request to reopen supporting any of the permissible reasons for reopening as set forth in subdivision (g) of this regulation upon which the committee is basing its request; and

(C) Directly address the reasons for the denial of the request stated in the Executive Director's notification to the committee.

The Chairman's decision shall be final, and may not be appealed to the Commission.
(2) File an amendment to Form 410 (Statement of Organization) declaring the
county's reopening with the Secretary of State along with written authorization from the
Executive Director granting the reopening of the committee;
(3) Mark “Amendment” on the Form 410 and list the county's original identification
number and name;
(4) Include the word “Reopened” in parentheses after the committee name on the Form
410; and
(5) File a copy of the amended statement of organization with the local filing officer, if
any, with whom the committee is required to file the originals of its campaign reports pursuant to
Section 84215.
(j) Filing Requirements. A reopened committee is subject to all of the committee filing
requirements of this title including those specified in subdivision (i) of this regulation.
(k) Termination of Reopened Committees. Unless the Executive Director specifies a date
of termination in his or her notification, a reopened committee must terminate pursuant to the
requirements of Regulations 18404(b) and (c) within 30 days of the date the specified purpose(s)
for which the committee was reopened ceases to exist. The Executive Director may specify in his
or her notification the projected date of completion and the date of termination for the reopened
committee. If the reopened committee requires additional time before terminating for a purpose
or purposes other than specified in its initial request for reopening under subdivision (i), or the
Executive Director specifies a date of termination in his or her notification and the reopened
committee requires additional time to complete the original reopening purpose, then the
committee must reapply for and receive approval of the Executive Director under the same
procedures and timelines set forth in subdivision (i)(1) prior to the termination date for the
reopened committee.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 84102, 84103,
84214, 84215, 85301, and 85702.5, Government Code.