1   Adopt 2 Cal. Code Regs., Section 18531.64 to read:

2   **§ 18531.64. Treatment of Debts Outstanding After a City or County Election.**

3   (a) Application. Under Section 85316(a) a candidate for an elective city or county

4   office subject to Section 85301(d) may solicit and accept contributions after an election to pay

5   net debts outstanding, subject to the applicable contribution limit for that election. This

6   regulation applies to contributions accepted under Section 85316(a) on or after January 1, 2021.

7   See Regulation 18531.63 for rules regarding the treatment of contributions received by a

8   candidate for an elective city or county office subject to Section 85301(d) before January 1,

9   2021.

10   (b) Definitions. For purposes of Section 85316(a) and this regulation, the

11   following definitions apply:

12   (1) "The applicable contribution limit for that election" means the contribution

13   limit, if any, as provided in Section 85301 applicable on the date of the election.

14   (2) "That election" or "the election" means the election for which a candidate for

15   elective city or county office subject to Section 85301(d) is raising contributions to pay net debts

16   outstanding.

17   (3) "Net debts outstanding" means the total of a committee's outstanding debts minus
18   its

19   assets.

20   (A) For purposes of calculating net debts outstanding, "outstanding debts"

21   include the following:

22   (i) An amount necessary to cover the cost of raising funds as permitted under

23   Section 85316(a) and this regulation;

24   (ii) Costs related to complying with the post-election requirements of the Act

1 and other necessary administrative costs related to winding down the campaign, including

2 office space rental, staff salaries, and office supplies;

3 (iii) Legal fees and expenses incurred directly in connection with monitoring the

4 count of absentee or provisional ballots for the election, or with a ballot recount conducted under

5 Chapter 9 (commencing with Section 15600) of Division 15 of the Elections Code for the

6 election; and

7 (iv) The total amount of unpaid debts, loans and accrued expenditures incurred with

8 respect to the election.

9 (B) For purposes of calculating net debts outstanding, "assets" include:

10 (i) The total cash on hand available to pay those debts and obligations, including:

11 currency; balances on deposit in banks, savings and loan institutions, and other depository

12 institutions; traveler's checks; certificates of deposit; treasury bills; and any other committee

13 investments valued at fair market value;

14 (ii) The total amounts owed to the candidate controlled committee in the form of

15 credits, refunds of deposits, returns, or receivables, or a commercially reasonable amount based

16 on the collectability of those credits, refunds, returns, or receivables.

17 (c) Raising Funds. A candidate for elective city or county office subject to Section

18 85301(d) may accept contributions after the date of the election only up to the amount of net

19 debts outstanding from the election. The contributions accepted are subject to the applicable

20 contribution limit for that election. The candidate shall reduce the total amount of net debts

21 outstanding as additional funds are received. The candidate and his or her controlled

22 committee(s) may not accept a contribution under Section 85316(a) that exceeds the total amount

23 of net debts outstanding on the date the contribution is received. A contribution that exceeds the

1   amount of net debts outstanding shall be treated in the same manner as a contribution in excess

2   of the contribution limits.

3   (d) Paying the Debt. A candidate for elective city or county office subject to Section

4   85301(d) may only use a contribution accepted after the election pursuant to Section 85316 (a)

5   for payment of net debts outstanding from the election. The candidate may only use the funds on

6   hand and owed to the committee, described in clauses (b)(3)(B)(i) and (ii), for payment of net

7   debts outstanding from the election. The candidate shall use available funds to pay net debts

8   outstanding as soon as practicable.

9   (e) Transfer. Pursuant to Section 85306, a candidate may transfer campaign funds

10   from another of his or her controlled committees for the purpose of paying the net debts

11   outstanding of his or her committee for elective city or county office subject to Section 85301(d)

12   under Section 85316(a). A transfer of this type made to a committee for an election to a city or

13   county elective office subject to Section 85301(d) held on or after January 1, 2021, is subject to

14   the contribution limits of Sections 85301 and attribution requirements of Regulation 18536.

15   Note: Authority cited: Section 83112, Government Code. Reference: Sections 85201, 85301,

16   85306, 85316, 85317, 85318, and 85702.5, Government Code.