



California Fair Political Practices Commission

May 17, 1994

Margie Handley
P. O. Box 1329
Willits, CA 95490

Re: Your Request for Advice
Our File No. A-94-124

Dear Ms. Handley:

You have requested advice concerning the campaign disclosure provisions of the Political Reform Act (the "Act").^{1/}

QUESTION

You were a candidate for State Senate in 1990 and in a 1993 special election. You loaned your committee funds in both of these elections. You have asked if you may terminate your committee with outstanding debt, close the bank account established for your 1993 election, and reactivate the committee and open a new bank account to repay the debt when running for a future office.

CONCLUSION

You may not terminate a committee with outstanding debt if you anticipate receiving contributions or making expenditures to repay the debt. However, you may close the bank account established for the 1993 election after all campaign funds have been disbursed appropriately.

ANALYSIS

Regulation 18404(b) provides that a committee may terminate only if the committee:

- (1) Has ceased to receive contributions and make expenditures and does not anticipate receiving contributions or making expenditures in the future;

^{1/} Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

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- (2) Has eliminated or has declared that it has no intention or ability to discharge all of its debts, loans received and other obligations;
- (3) Has no surplus funds; and
- (4) Has filed all required campaign statements disclosing all reportable transactions.

During our telephone conversation on April 15, 1994, I clarified that you may not terminate your committee if you anticipate receiving contributions or making expenditures in the future to repay outstanding campaign debts. You indicated that your committee has a balance of approximately \$1,400 in the campaign bank account and that you are concerned about the amount of fees the bank is charging to maintain the account. You stated you wish to disburse these funds to repay a portion of the committee's existing debt and close the campaign bank account.

Pursuant to Section 89519, campaign funds of a defeated candidate shall be considered surplus at the end of the postelection reporting period following the defeat of the candidate for elective office for which the campaign funds were raised. However, surplus campaign funds may be used to pay outstanding campaign debts. (Section 89519(a)(1).) Once all the funds in the bank account are expended and the bank account is closed, a Form 502, Campaign Bank Account Statement, must be filed indicating termination.

Please note that campaign debts incurred during a special election must be retired with funds raised under the contribution limitations set forth in Section 85305. (Regulation 18535, copy enclosed.) You will be required to open a bank account to deposit any future contributions you receive to repay the outstanding debt. Within 10 days of opening the bank account, an initial Form 502 must be filed.

Additionally, you indicated during our telephone conversation on May 6, 1994, that you closed the bank account opened for the 1990 election. According to our records, you have not terminated your Form 502, Campaign Bank Account Statement in connection with this election. Enclosed is a Form 502 that you must complete to indicate that this bank account was closed.

With regard to your controlled committee, you may terminate the committee once you no longer plan to raise additional funds to repay campaign debts. Until that time, the committee must continue to file campaign disclosure statements each year.

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If you have any questions or need further assistance, please
contact me at (916) 322-5662.

Sincerely,

Steven G. Churchwell
General Counsel

Dixie Howard

by: Dixie Howard
Political Reform Consultant

Enclosure