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NEWSLETTER

Connecticut Strengthens Independent Expenditure Disclosure Laws, Relaxes Contribution Limits

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Last month, Connecticut Governor Dannel Malloy signed into law Public Act No. 13-180, amending key provisions of the state's campaign finance regime. Foremost, the act decrees new reporting requirements for persons or entities making independent expenditures that exceed $1,000 in the aggregate. Under the new law, independent expenditures made within 180 days of a targeted election will require reporting of all donors who gave $5,000 or more in "covered transfers" during the 12 months leading up to that election. Further, advertising funded by independent expenditures within 90 days of an election will need to include the identity of donors who made the five largest reportable covered transfers in the year preceding the targeted election. In some cases, even donors to donors will need to be disclosed in the advertising. These advertising-disclaimer rules enjoy a number of exceptions, though. For example, they do not apply if the maker of the independent expenditure accepts covered transfers from at least 100 different sources, so long as no single source accounts for 10% or more of the covered transfers made during the year leading up to the targeted election.

"Covered transfers"–the cornerstone of this new system–is a fresh term in Connecticut. "[A]ny donation, transfer or payment of funds by a person to another person" is a covered transfer if the recipient makes independent expenditures or itself gives funds to a person who makes independent expenditures. (As before, "person" includes both humans and entities.) The term has some exceptions, including, for example, payments made in the ordinary course of business and

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certain payments transferred between affiliated entities. In addition, a donor whose payment would otherwise qualify as a covered transfer can opt out if the recipient agrees not to use the funds for independent expenditures and deposits them in a segregated account. But the term "covered transfers" is deliberately broad. In Governor Malloy's words, the new law "will vastly increase disclosure requirements for campaign expenditures."

At the same time, Connecticut has eased restrictions on contributions. Subject to an exception for contractors, their principals and lobbyists, purchasing up to $250 in advertising space for a party- or political-committee fundraiser no longer counts as a contribution. And individuals can now contribute $10,000 to state party committees–up from $5,000–and can make per-election contributions to state candidates and exploratory committees aggregating $30,000, up from $15,000. (Limits on an individual's contributions to each candidate are unchanged.)

Lastly, in one of the more hotly contested amendments, the act removes limits on state party committees funding "organization expenditures" during legislative general elections. While organization expenditures are not campaign contributions, they include communications promoting the success or defeat of candidates. This, combined with the raised contribution limits from individuals to state party committees, has prompted biting criticism from the act's detractors.