

1 Amend 2 Cal. Code Regs., Section 18531.61 to read:

2 **§ 18531.61. Treatment of Debts Outstanding After an Election.**

3 (a) Application. Under Section 85316(a) a candidate for elective state office may solicit
4 and accept contributions after an election to pay net debts outstanding, subject to the applicable
5 contribution limit for that election. This regulation applies to contributions accepted under
6 Section 85316(a) on or after January 24, 2004, by a candidate for elective state office. See
7 Regulation 18531.6 for rules regarding the treatment of similar contributions accepted before
8 January 24, 2004.

9 (b) Definitions. For purposes of Section 85316(a) and this regulation, the following
10 definitions apply:

11 (1) “The applicable contribution limit for that election” means the contribution limit, if
12 any, as provided in Sections 85301 and 85302 applicable on the date of the election.

13 (2) “That election” or “the election” means the election for which a candidate for elective
14 state office is raising contributions to pay net debts outstanding.

15 (3) “Net debts outstanding” means the total of a committee's outstanding debts minus its
16 assets.

17 (A) For purposes of calculating net debts outstanding, “outstanding debts” include the
18 following:

19 (i) An amount necessary to cover the cost of raising funds as permitted under Section
20 85316(a) and this regulation;

21 (ii) Costs related to complying with the post-election requirements of Title 9
22 (commencing with Section 81000) of the Government Code and other necessary administrative

1 costs related to winding down the campaign, including office space rental, staff salaries, and
2 office supplies;

3 (iii) Legal fees and expenses incurred directly in connection with monitoring the count of
4 absentee or provisional ballots for the election, or with a ballot recount conducted under Chapter
5 9 (commencing with Section 15600) of Division 15 of the Elections Code for the election; and

6 (iv) The total amount of unpaid debts, loans and accrued expenditures incurred with respect to
7 the election.

8 (B) For purposes of calculating net debts outstanding, “assets” include:

9 (i) The total cash on hand available to pay those debts and obligations, including:
10 currency; balances on deposit in banks, savings and loan institutions, and other depository
11 institutions; traveler's checks; certificates of deposit; treasury bills; and any other committee
12 investments valued at fair market value;

13 (ii) The total amounts owed to the candidate controlled committee in the form of credits,
14 refunds of deposits, returns, or receivables, or a commercially reasonable amount based on the
15 collectability of those credits, refunds, returns, or receivables.

16 (c) Raising Funds. A candidate for elective state office may accept contributions after the
17 date of the election only up to the amount of net debts outstanding from the election. The
18 contributions accepted are subject to the applicable contribution limit for that election. The
19 candidate shall reduce the total amount of net debts outstanding as additional funds are received.
20 The candidate and the candidate's ~~and his or her~~ controlled committee(s) may not accept a
21 contribution under Section 85316(a) that exceeds the total amount of net debts outstanding on the
22 date the contribution is received. A contribution that exceeds the amount of net debts outstanding
23 shall be treated in the same manner as a contribution in excess of the contribution limits.

1 (d) Paying the Debt. A candidate for elective state office may only use a contribution
2 accepted after the election pursuant to Section 85316(a) for payment of net debts outstanding
3 from the election. The candidate may only use the funds on hand and owed to the committee,
4 described in clauses (b)(3)(D)(i) and (ii), for payment of net debts outstanding from the election.
5 The candidate shall use available funds to pay net debts outstanding as soon as practicable.

6 (e) Transfer. Pursuant to Section 85306, a candidate may transfer campaign funds from
7 another of ~~his or her~~ the candidate's controlled committees for the purpose of paying the net
8 debts outstanding of ~~his or her~~ the candidate's committee for elective state office under Section
9 85316(a). A transfer of this type made to a committee for an election to a statewide elective
10 office held on or after November 6, 2002, or to any other elective state office held on or after
11 January 1, 2001, is subject to the contribution limits of Sections 85301 and 85302 and attribution
12 requirements of Regulation 18536.

13 Note: Authority cited: Section 83112, Government Code. Reference: Section 83 of Proposition
14 34; and Sections 85201, 85301, 85302, 85306, 85316, 85317, 85318 and 85321, Government
15 Code.