

Illinois
Campaign
Financing
Act

Closing a Committee



STATE BOARD OF ELECTIONS
CAMPAIGN DISCLOSURE DIVISION

This brochure is not a complete or fully detailed digest, but an overview intended to help in understanding basic responsibilities under the law. Some of the language in this brochure is presented in simplified form, and should not be considered a substitute for applicable law.

For more complete and authoritative guidance concerning all areas of campaign financial disclosure, refer to actual statutory language and to the State Board of Elections Rules and Regulations. Consultation with professional legal counsel is also encouraged. Additionally, assistance from the State Board of Elections or other governmental authorities, where jurisdiction exists, is encouraged.

When does a political committee need to close?

While there is generally no requirement for a political committee to close, as long as a committee remains open it has a continuing obligation to file disclosure reports as they come due, including Quarterly Reports, Schedule A-1 or Schedule B-1s (when applicable) and amendments to any of these reports or its Statement of Organization (Form D-1).

The decision of whether to close may depend in some part on whether the committee is actively involved in a particular election cycle. For instance, some candidate political committees choose to close after the election in which their candidate was running, and the same may be true for ballot initiative committees once the referendum they were supporting or opposing is decided. In either example, the committee could just as easily decide to remain open, until another election or indefinitely. But be aware that those committees may need to make changes to their names or purposes, depending on their ongoing activities.

Also, keep in mind that there is no such thing as “inactive” status – a committee is either active or closed, so there is no way to keep a committee open but not be required to file disclosure reports.

How does a committee close?

Whatever the reason, once a committee dissolves or determines that it will no longer receive any contributions or make expenditures it can close only by filing a Final Report. This can be done at any time. But first, the committee must dispose of any remaining funds, and all committee assets and investments must also be liquidated before a Final Report can be filed.

Residual funds can be disposed of in any of three ways: by returning funds to contributors, as long as the returned amount does not exceed that contributor’s original contribution(s), by transferring funds to another political committee, or by transferring funds to a charitable organization. However, prior to using any of those three methods, if the committee has any outstanding penalties owed to the State Board of Elections, remaining funds must first be used to pay those fines. If a committee dissolves while still owing the Board a penalty, any successor committee formed by the candidate or committee within 24 months of dissolution will be responsible for the remaining penalty. If the committee remains dissolved for more than 24 months, the penalty is abated.

There is a fourth option for disposing of residual funds, but it is only available to candidate committees that were in existence as of June 30, 1998. Those candidates are permitted to convert committee funds to personal use, provided the aggregate of such expenditures does not exceed the amount of funds available reported by the committee as of June 30, 1998. Candidates or public officials who use this option are required to report the expenditure, just like any other expenditure, but should indicate in the description for the expenditure that it is being made pursuant to Section 9-8.10 (11) of the Disclosure Act. Please be aware that there is also a tax liability incurred for funds claimed through this method.

How is a Final Report filed?

A Final Report is filed in much the same way that any other committee report is filed, using the D-2 form. If filing by paper, the box “Final Report” must be checked at the top of the form. The reporting period for a Final Report runs from the end of the committee’s last Quarterly Report through the date the committee brings its fund balance down to zero and closes. If that end date extends past the end of a quarterly reporting period, the committee will have to file the Quarterly Report before filing a Final report. So although a Final Report can be filed at any time, it cannot “overlap” more than one reporting period. Also keep in mind that in order to close a committee, the report must actually be marked as a Final Report – simply filing a Quarterly Report with an ending balance of zero is not sufficient. It is possible for a committee to remain active, but to have a cash balance of zero for any length of time.

As with any other report, a Final Report must detail a committee’s receipts and expenditures during the reporting period, with entries above \$150 to or from a single source required to be itemized. Similarly, itemized entries should be reported on the appropriate schedules, just as with a Quarterly Report. It is permissible for a committee to file a Final Report while still having outstanding debts or obligations. Remaining debts should be listed in Section C of the Final Report, and on an accompanying Schedule C if necessary. Outstanding debts that are forgiven may also be reported on Schedule C.

One additional schedule that is only used in connection with a Final Report is an asset schedule. As mentioned earlier, in order to close, a committee must first dispose of any remaining funds, investments or assets. Sales or donations of remaining committee assets must be listed on an asset schedule accompanying a committee’s Final Report. An asset schedule asks for a description of each asset, the date it was originally acquired, where it was donated or sold, and the value of the item if it was sold.

When does a Final Report have to be filed electronically?

Committees that are required to file their disclosure reports electronically must also file a Final Report electronically. To do this using the Board’s IDIS electronic filing system, you must first ensure that all other reports listed in the “Reports Due Now” section of the Report List have been filed and that your committee’s cash balance is zero. From the

main IDIS window for your committee, click the “View Committee Details” icon or click “File” then “Open” then “Committee Details”. On the “Committee Details” page, click “Actions” then “Finalize” (you may also view your Final Report from here.) You will be required to verify that you wish to finalize the committee and that the disposal of all assets has been recorded in the system. The Final Report can then be uploaded to the Board. Additionally, if a committee that has filed a Final Report later needs to electronically file an amendment to any of its reports, Board staff must be contacted for assistance.

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For more information, visit the Board website at www.elections.il.gov, or contact Board staff:

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