

**New York City Council Committee on Governmental Operations**

Hearing on CFB Bills: Intros 980, 985-A, 986, 987, 988, 990, 1001 and 1002

Written Testimony of Henry Berger, Special Counsel to the Mayor

Good afternoon Chair Kallos and members of the Government Operations Committee. My name is Henry Berger and I am Special Counsel to the Mayor. Thank you for having me here today and for holding a hearing on these important initiatives.

The Campaign Finance Board, or CFB, is a nonpartisan, independent City agency overseen by five members, each of whom is appointed to a five-year term. The Mayor and Speaker of the City Council each appoint two members, and the Chairperson is chosen by the Mayor in consultation with the Speaker.

The CFB is responsible for administering the New York City Campaign Finance Program, which was established in 1988 by the New York City Campaign Finance Act. Under the City's campaign finance program, one of the strongest in the country, candidates for Mayor, Public Advocate, Comptroller, Borough President, and City Council who meet certain requirements are eligible to receive public funding for their campaigns.

This highly successful program provides candidates with a strong incentive to finance their campaigns by engaging with average New Yorkers instead of seeking large contributions from special interest groups. The program empowers more candidates to run for office, even without access to wealth. Anyone can build a viable, competitive campaign for office by relying on small donations from neighbors or colleagues. The City's voluntary public financing program matches small-dollar contributions. Currently, participating candidates may qualify to receive public matching funds at a \$6-to-\$1 rate for contributions up to \$175 from individuals who reside in New York City.

For example, if a New York City resident makes a \$100 contribution to a participating candidate, it is actually worth \$700 to the candidate's campaign. The matching funds program helps to amplify the voices of New Yorkers in City elections. Candidates desiring public funding are subject to strict contribution and expenditure limitations, and extensive record-keeping and disclosure requirements. In the 2013 elections, more than 44,500 New Yorkers — half of all New York City contributors to participating candidates — made a contribution to a City candidate for the first time. Three-quarters of them made small contributions of \$175 or less. In the aftermath of *Citizens United v. Federal Election Commission*, and other campaign finance decisions that have made it more difficult to regulate money in politics, advocates of campaign finance reform have turned to New York City as a model worth emulating in other cities and states.

Before I discuss the specific legislation, I want to note again that the CFB is a non-partisan, independent agency and thus, for many of these proposals, it is in a better position to discuss feasibility and practical implications. I am glad that Amy Loprest has joined us today to outline CFB's position. Nevertheless, I am happy to share with you the Administration's thoughts on some of these bills. In general, I note that the stated effective dates of several of these bills may need to be changed as the date has already passed.

### **Intro. 980**

Intro. 980 would set the contribution limits for transition and inauguration entities of winning campaigns for local office at the same level as the campaign contribution limits for that office. It would also clarify that candidates need not set up separate entities if they wish to partially self-fund their transition and inauguration entity. The Administration is supportive of this amendment, which will help candidates streamline and simplify the transition process from candidate to elected official. This

amendment will ensure that there's no confusion regarding what a candidate can raise and spend during the transition period.

### **Intro. 985**

Currently, those doing business with the City can only contribute up to \$400 dollars to a Citywide candidate, and cannot have their contributions matched. Intro. 985 would also prevent lobbyists and those doing business with the city from matching, with public funds, any contribution to a candidate for local office that they have *bundled* from other donors. This is an extra step to ensure that well-heeled lobbyists cannot indirectly bypass the intent of our regulations. This legislation will ensure that our fundraising process is fair and free from undue influence. The Administration is supportive of this legislation.

### **Intro. 986**

Intro. 986 would allow for the disbursement of limited amounts of public matching money to qualifying candidates at an earlier stage in the election. It would change the earliest possible date for disbursement from following the finalization of candidates who qualify for the ballot to shortly after the deadline for certification in the public matching program. This is a great proposal as it would help insurgent candidates secure resources needed to compete with incumbents at an earlier stage, and thus create a more fair and just system. The Administration supports this proposal in concept. We note that the bill as drafted, particularly the section that removes language relating to the general election in section 4, may obscure the distinction between primary and general election restrictions and thus may need to be adjusted.

### **Intro. 987**

This bill would modify the standard for contributions raised and spent by candidates who participate in the City's public funding matching program in order to be eligible to participate in the first official debate for the office they seek. It would change the formula for eligibility from having raised 20% of the threshold for public funding for the office they seek to having raised and spent 2.5% of the expenditure limit for such office. This will make the initial debates more inclusive and fair. The Administration supports this proposal.

### **Intro. 988**

CFB should comment as to the feasibility of this proposal. Clarifications to the text of this bill may be appropriate, particularly with respect to the proposal's intended relationship between the printed voter guide and other formats.

### **Intro. 990**

Under current law, candidates for local office who choose to participate in the City's public matching program may receive contributions from a political committee only if such committee has registered with the Campaign Finance Board. However, candidates who choose not to participate in the matching program may accept contributions from political committees regardless of whether they are registered with the CFB. This bill would extend the prohibition on the acceptance of contributions from non-registered political committees to non-participating candidates. The Administration supports this change.

### **Intro. 1001**

Intro. 1001 relates to requiring disclosure of entities that own entities that do business with the City. The Administration supports this, although there may need to be technical corrections to the current draft of the legislation. We note in this regard that the term "person," which is already in the provision

proposed to be amended, is generally construed to include an “organization” under the Administrative Code.

**Intro. 1002**

COIB should comment on the feasibility of this proposal.

I would also like to note that the current CFB proposals do not address CFB’s longstanding reliance on post-election auditing and post-election enforcement procedures, which threaten the proper administration of public matching fund payments. We would like to discuss with the Council legislation that would enable completion of CFB enforcement and payment determinations earlier in the election cycle. CFB’s current deferral of all final enforcement actions creates an unduly burdensome and lengthy CFB post-election audit process. Indeed, the CFB did not even begin to issue final audit reports for public fund recipients in the 2013 elections until May 2015. Rather than piecemeal adjustments, the City needs a comprehensive overhaul to give every candidate a full and fair opportunity to respond to and resolve specific allegations in a timely manner before the election. No candidate should be deprived of any public matching funds he or she has earned on the basis of unresolved allegations.

We look forward to working with the Council on these proposals and welcome your questions.



**New York City Campaign Finance Board**

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**Testimony of Amy Loprest  
Executive Director  
New York City Campaign Finance Board**

**City Council Committee on Governmental Operations  
May 2, 2016**

Good morning Chair Kallos, and members of the Governmental Operations Committee.

I am Amy Loprest, Executive Director of the New York City Campaign Finance Board. With me today are Eric Friedman, Assistant Executive Director for Public Affairs, and Sue Ellen Dodell, General Counsel.

I want to thank the Chair for his leadership on these issues, the members of the committee, and the members who have sponsored the legislation we'll be discussing today.

I would also like to thank the staff with the Council and the CFB who have collaborated on these bills that will strengthen the foundation of New York City's Campaign Finance Program for future elections.

If you're following the campaign for President, you've heard a sustained and substantive discussion about the role of money in national politics.

While several of the candidates have spent considerable time decrying the role that money plays in the political process, it is instructive to note that none of those candidates have chosen to use the existing public financing program for presidential elections.

The last candidate to win a major party nomination while participating in the presidential public financing program for the primaries was Al Gore, in 2000; the last general election candidate to win the presidency using the system was George W. Bush in 2004.

Candidates abandoned the system because it can no longer support a modern campaign for president. Congress created the program in 1974—and has left the framework untouched during the four decades since.

It is fair to say that the business of political campaigning has changed considerably since the 1970's. While campaigns have evolved to embrace cable TV, the Internet, and modern targeting tools—and candidates started campaigning earlier and earlier—the presidential public financing system has remained stuck in the disco era.

In contrast, New York City's program, created nearly 30 years ago, has remained a vital component of the city's political system.

We are required by our governing statute after each citywide election to review the impact of the matching funds program upon the conduct of election campaigns in the city, and to recommend changes to the law. Our post-election report for the 2013 elections, published in September 2014, put forward the proposals we will discuss today.

City lawmakers have regularly refreshed and updated the program, ensuring it stays relevant as City campaigns and elections evolve.

This Council acted decisively to strengthen disclosure of the funding sources for independent expenditures after outside spending flooded the 2013 city elections. At the same time, the Council took action to ban anonymous communications, so that voters can identify the sources of the messages they receive. The CFB supported these proposals.

As a result of the Council's ongoing commitment to help the CFB improve the Act, participation in the public financing system has remained high over the years. More than 90 percent of candidates on the ballot in the 2013 primary elections chose to join the Program.

The matching funds program provides every candidate with the opportunity to access sufficient resources to get their message before the voters. It ensures that access to wealth is no guarantee of electoral success.

Matching funds help participating candidates create a broad base of support. Research shows clearly that individuals from every neighborhood in every borough are investing their small contributions in city campaigns. This foundation helps ensure that the city's diverse voices have an opportunity to be heard here in City Hall.

We appreciate the opportunity to partner with the Council to help ensure the Program continues to best serve the public and the candidates who choose to participate.

It is important to note that there is much we are doing on our own to ensure the Program is prepared to meet the challenges that future elections will bring. We are implementing several projects that will further simplify compliance with the Program's requirements, while maintaining our commitment to the rigorous oversight the public has come to expect.

- Last month, we released NYC Votes Contribute, a first-of-its kind online contribution platform available to all city candidates. NYC Votes Contribute collects all the necessary data from contributors, connects directly to the CFB's disclosure software, automatically generates all the documentation and recordkeeping required by our rules, and transmits it all directly to the CFB. To use the platform, campaigns can embed the contribution tool on their own website, or direct contributors to their candidate's page at [www.nycvotes.org](http://www.nycvotes.org).

There are already 27 active campaigns using NYC Votes Contribute, and through today they have raised more than \$10,000 through the platform. Development will continue through the year in response to user feedback.

- Between now and the 2017 election, we have plans to strengthen and improve all the systems that connect our work to candidates and to the public. This includes our disclosure software, C-SMART, which will have an improved and streamlined user interface, and an expanded capacity to receive and organize backup documentation electronically.
- We have begun offering a broader range of candidate trainings in new formats, including online webinars and new voluntary one-on-one candidate consultations for campaigns that have submitted at least one disclosure statement.
- We are continuing to work through our enforcement process for candidates in the 2013 election. We are meeting the deadlines in the Campaign Finance Act to complete our audit work, and match the pace we set for the 2009 audits. Our thorough audit reviews show that the majority of candidates are successfully navigating our system in substantial compliance with the Act and Rules; half of the audits that have gone before the Board to date have contained no penalties, and nearly two-thirds of all candidates finish with penalties under \$1,000.

Beyond these projects, we've identified several changes that require legislative action. The bills before the committee today will help modernize the Program. They will remove outdated or unnecessary requirements the law imposes on campaigns, help candidates better plan their campaigns, and importantly, they will strengthen the law's protections against the influence of pay-to-play. We urge the committee and the Council to approve them.

*Int. No. 986, A Local Law to amend the administrative code of the city of New York, in relation to early public funds payments in local elections*

First, Int. No. 986 will allow the Board to make payment determinations for candidates earlier in the election year, which will help provide participating candidates with greater certainty about their public funds payments well before they enter the crucial final weeks of the election season.

Under the Act, candidates must be on the ballot to qualify for public matching funds. This requirement prohibits payments to participating candidates until the petitioning process ends and the ballots are set. As a result, candidates who qualify for the first payment may receive funds no earlier than five weeks before the primary.

The timing of payment determinations can make planning difficult for some campaigns. Candidates who fail to qualify for public funds at the earliest date have limited time during the busiest weeks of the election cycle to resolve the issues preventing their payment. An earlier payment date would provide campaigns with the incentive to qualify earlier, and provide opportunities to fix compliance issues in a timely way.

The bill would allow payments as early as four business days after the June 10 certification deadline for candidates who meet threshold by the May 15 disclosure statement.



To protect against the possibility of large payments to candidates who subsequently fail to make the ballot, these early payments are capped: \$250,000 for mayoral candidates; \$125,000 for public advocate and comptroller candidates; \$50,000 for borough president candidates, and \$10,000 for Council candidates. For comparison, a mayoral candidate who has met the threshold (\$250,000 in matching-eligible contributions) qualifies for a total payment, at minimum, of \$1.5 million. Council candidates who meet the minimum threshold (\$5,000 in matching claims) qualify for a payment of at least \$30,000.

Initial research suggests that the danger of paying candidates who meet threshold but fail to earn a place on the ballot is small. In 2013, there was no candidate running in the primary election who had disclosed contributions sufficient to meet the threshold through May 15 and subsequently failed to make the ballot. Int. No. 986 also requires that candidates who receive an early payment but fail to campaign for office must return the public funds they receive.

Because we are now in the middle of the third year of the four-year election cycle, we urge the Council to amend the bill so that it takes effect only for elections after 2017.

*Int. No. 985, A Local Law to amend the administrative code of the city of New York, in relation to eliminating public matching funds for contributions bundled by people doing business with the city*

Contributions from people who are doing business with city government are strictly limited. Lobbyists, contractors, grantees, and other business-doers may give no more than \$400 to a mayoral candidate, \$320 to a borough president candidate, or \$250 to a City Council candidate.

Yet the law allows those same individuals to bundle unlimited amounts to the same candidates, a loophole that undermines the intent of the law to prevent or limit the appearance of “pay-to-play” corruption. Lobbyists, developers, contractors and others who must observe the strict “doing business” limits can bundle contributions for many times what those limits allow them to give directly. And they do: of the ten top-dollar intermediaries from the 2013 election cycle, six were listed in the Doing Business Database.

Those contributions should not be matched with public funds.

Int. No. 985 will make these contributions non-matchable, which will limit their impact and decrease the potential for quid pro quo corruption that may be associated with potential city contractors or lobbyists who bundle contributions for candidates.

An analysis of campaign disclosures from the 2013 elections shows that bundlers are significantly more likely to be doing business with the city than contributors overall. Individuals in the Doing Business Database account for 19 percent of all intermediaries, but just 2 percent of all contributors.

In the 2013 election cycle, more than \$203,000 in contributions were bundled by someone in the Doing Business Database and claimed for matching funds. If Int. No. 985 had been in place, an estimated \$1.2 million in public matching funds would not have been disbursed to campaigns.

In the 2017 election cycle to date, more than \$29,000 in matching claims reported by campaigns have been bundled by someone doing business with city government. The potential impact on matching funds payments to date in the 2017 elections is more than \$176,000.

The disparity in the totals suggests that passing Int. No. 985 now should have a significant impact on fundraising for the 2017 elections, as most of the bundling activity we expect to see in 2017 is yet to occur. New York City's law has some of the strongest and broadest restrictions on "pay-to-play" at any level of government; this legislation is an important measure that will strengthen those limits even further.

***Int. No. 990, A Local Law to amend the administrative code of the city of New York, in relation to prohibiting contributions from non-registered political committees to candidates who are not participating in the city's public matching program***

Candidates who opt out of the matching funds program must observe the same contribution limits as participants; they must also observe the ban on corporate contributions. These requirements for nonparticipants were upheld in 2013 in *McDonald v. New York City Campaign Finance Board*.

The Act allows participating candidates to accept contributions from political committees only if they have registered with the Board. In registering, political committees affirm they will not use money from prohibited sources (like corporations, limited liability companies, or partnerships) to make contributions to candidates. Int. No. 990 will ensure participants and non-participants alike will observe this requirement.

***Int. No. 1002, A Local Law to amend the administrative code of the city of New York, in relation to requiring the conflicts of interest board to maintain records of compliance with the conflicts of interest law for participants in the city's public matching program***

Candidates for public office in New York City are required to file personal financial disclosures with the Conflicts of Interest Board (COIB). To be eligible to receive public funds, the Act directs participating candidates to provide a paper receipt to the CFB indicating the disclosure has been filed with the COIB.

The disclosure requirement should and will continue as a condition for public funds eligibility. However, Int. No. 1002 will eliminate the paperwork burden of notifying the CFB from the candidates.

***Int. No. 988, A Local Law to amend the New York city charter, in relation to allowing for flexibility with respect to the voter guide***

The CFB prepares and prints a Voter Guide for all regularly-scheduled elections in which there are contested races for mayor, public advocate, comptroller, borough president, or City Council, and in years that local referenda are on the ballot. The Charter requires the CFB to print and distribute a Guide to each household with a registered voter before each primary and general election.

New Yorkers expect resources for election information that provide the same interactivity and convenience they have in their everyday lives. More and more, they are relying on their laptops, smartphones, and tablets to access information to help them make their choices on Election Day. The CFB's online Guide has become a vital resource for many of those voters.

To the extent feasible, Int. No. 988 will allow New Yorkers who prefer to access the Guide electronically to opt out of receiving the Guide in the mail. The bill offers the potential to reduce our reliance on paper, and decrease the most significant costs of the Voter Guide—printing and postage.

*Int. No. 987, A Local Law to amend the administrative code of the city of New York, in relation to increasing the minimum amount of money raised to participate in the first official campaign finance board debate for local offices*

Courts have consistently upheld the constitutionality of limiting participation in debates to candidates who meet objective, nonpartisan, and non-discriminatory standards.

Pursuant to Local Law 58 of 2004, the Act contains basic, minimum criteria for participation: candidates must raise and spend more than one-fifth of the threshold for public funding, demonstrating that they have achieved a minimal level of public support.

The thresholds for debate participation have not changed—even as spending limits have increased more than 20 percent over the same period of time. An increased standard, tied to the expenditure limit, is a better objective indicator of viability. The Board proposes that candidates should be required to raise and spend 2.5 percent of the expenditure limit for the office they seek.

Other clarifications to the debate law would help provide certainty for candidates and the public. For instance, the law should be clear that outstanding liabilities and loans do not count towards debate eligibility. The requirements should be uniform for participants and non-participating candidates.

Anyone who has paid attention to the ongoing presidential race has experienced the challenge of producing debates that are both informative and engaging. Int. No. 987 will provide CFB the ability to help debate sponsors produce compelling debates that best serve the needs of New York City voters.

*Int. No. 1001, A Local Law to amend the administrative code of the city of New York, in relation to requiring disclosure of entities that own entities that do business with the city*

As noted above, individuals with an ownership interest in entities doing business with city government are covered by the doing business limits.

It is not uncommon, however, for business entities to be owned by other business entities—especially in real estate. In these cases, neither these entities nor the individuals who control them are listed in the Doing Business database. These shell companies can obscure the identity of the firm’s ultimate owner and decision-maker.

As a result, the individual who controls the firm doing business with the city may be shielded from coverage by the lower, more restrictive contribution limits in the Act. Int. No. 1001 will require that doing business entities report not only the names of their own officers and owners, but also those of any entity with a significant ownership interest.

*Int. No. 980, A Local Law to amend the administrative code of the city of New York, in relation to realigning contribution limits to transition and inauguration entities with contribution limits to campaigns*

Legislation passed before the 2001 election allowing candidates to create transition and inauguration entities (TIEs) set the contribution limits for those entities identical to those for campaigns. Pursuant to the Act, campaign contribution limits were increased by ten percent in 2002 to reflect changes in the Consumer Price Index, but TIE contribution limits were not changed.

Amendments to the Act over the years have harmonized other campaign and TIE regulations—for instance, by prohibiting TIEs from accepting contributions from corporations and other business entities. By equalizing the contribution limits for campaigns and TIEs, Int. No. 980 will reduce confusion among both contributors and elected officials.

Generally, we have proposed some technical changes to the bills to Council staff. Most important among these are effective dates that allow CFB the time necessary to implement these changes. We look forward to working with the Council further to address those technical issues as these bills move forward.

Finally, we want to thank the committee for the two resolutions you are considering today. These are especially timely. Tomorrow, NYC Votes will lead more than 200 volunteers to Albany as part of a coalition of community organizations and civic groups to push for legislation that will bring New York’s elections into the 21<sup>st</sup> century. Our Vote Better NY campaign is seeking to convince legislators to pass meaningful election reform this session. We thank the Council for your support and advocacy on these issues, and invite you to join the effort on social media or in person.

Year after year, New York ranks among the least-engaged, lowest-turnout states in the nation. Earlier this month, we saw many of the reasons why. New Yorkers deserve better.

First and foremost, our pen-and-paper voter registration system is outdated and error-prone. We join the call you've raised today to urge legislators in Albany to start to solve this problem by passing the Voter Empowerment Act.

The VEA will establish universally-accessible online voter registration. It will provide for automatic registration through a broad range of state agencies. It will automatically update a voter's registration when he or she moves within the state, and provide for pre-registration for 17- and 18-year olds. It will allow more voters to participate in New York's closed-tight primaries, by allowing voters to affiliate with a party up until ten days before an election.

The VEA is a core component of the Vote Better NY agenda, along with early voting and better ballot design. New Yorkers should have more than one day to vote, and they deserve to have ballots that make it easy to express their preference.

No-excuse absentee voting is another reform that would grant voters greater flexibility, and encourage more New Yorkers to incorporate voting into their busy schedules.

More information on these and other reforms—as well as the full range of voter engagement activities we've conducted through our NYC Votes campaign—are included in our annual Voter Assistance Report, which was delivered to the Council last week.

Thank you for the opportunity to testify here today on this legislation. I am happy to answer any questions you may have.



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## THE LEAGUE OF WOMEN VOTERS *of New York State*

**Preconsidered Res.** by Council Member Kallos— Resolution calling upon the New York State Legislature to pass, and the Governor to sign, the Voter Empowerment Act of New York (A.5972 and S.2538-B), to streamline the voter registration process

### **MEMORANDUM IN SUPPORT OF: A. 5972 Kavanagh / S.2538-B Gianaris**

**DATE: April 29, 2016**

**SUBJECT: *An Act to amend the election law, in relation to enacting the “voter empowerment act of New York”***

The League of Women Voters of New York State supports the Voter Empowerment Act (VEA), which would represent a major step forward in making it easier to register to vote, thereby extending the franchise to more New Yorkers. The VEA would bring New York’s woefully inadequate voter registration system into the digital age by harnessing existing technology to save money for the state and taxpayers, enhance registration accuracy and reliability, and increase the number of eligible voters who are registered.

New York State currently ranks near the bottom in the nation in voter registration rates. Under the current, expensive paper-based system, election clerks must contend with mounds of paper forms submitted by voters up until the registration deadline while also preparing for Election Day. This only creates opportunity for voter disenfranchisement and perpetuates New York’s dismal voter participation rates. More registered voters will lead to more voters at the polls on Election Day.

The VEA will modernize New York’s voter registration system by providing convenient and secure options for voters to become and stay registered in a way that largely eliminates the errors and frustrations that plague the current system. It will give New Yorkers more choices about how to register to vote, restore faith in our registration processes, and ensure that our democracy is accessible to all eligible voters. Modernizing New York’s voter registration systems will also be financially beneficial to taxpayers because paperless registration saves money on data entry, printing, and the cost of mailing tons of paper.

**New York State can, and should, be a model for accuracy, efficiency, and confidence in our registration system. The VEA will help make it that model. As such, the League of Women Voters of New York State strongly urges your support of the Voter Empowerment Act.**



May 2, 2016

Good afternoon. I am Rosemary Shields, chairwoman of the League of Women Voters of the City of New York's Campaign Finance Reform Committee. I want to thank you for inviting the League to comment on the bills affecting the Campaign Finance Board under discussion today. The League of Women Voters, a nonpartisan political organization, encourages informed and active participation in government, works to increase understanding of major public policy issues, and influences public policy through education and advocacy. As a volunteer organization we advocated for the formation of the Campaign Finance Board thirty years ago and have supported public campaign financing, the Voter Guide and the Debates program candidates for city-wide office. As the League celebrates its 96<sup>th</sup> year we continue to register voters, monitor the political process and inform the public on the issues. Informed voters initiate change to improve the lives of all New Yorkers.

We commend the work of the Government Operations Committee in seeking to update the laws governing the Campaign Finance Board and to keeping them strong. The NYC Campaign Finance Board follows the money in politics and allows citizens to know the names of contributors, individuals and groups, to the campaigns of candidates running for office in New York City. This transparency and disclosure are vital in combatting corruption and keeping our democracy open to all and not just the privileged few. The small donor match levels the playing field and promotes wider candidate participation in the political arena, thereby assuring a dynamic mix of people and interests.

Intro 985-A (eliminating public matching funds for contributions bundled by people doing business with the city) and Intro 1001 (disclosure of entities that own entities that do business with the city) have our support in closing loopholes that allow large donations by vested interests.

Intro 990 (prohibiting contributions from non-registered political committees to candidates who are not participating in the city's public matching program) is in line with the League position to assure that all candidates are able to compete more equitably, by observing the rules equally.

Celebrating over 95 years of promoting active and informed participation in government



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The League of Women Voters of the City of New York believes that debates present candidates in the most authentic, unvarnished light and is one of the best ways for the electorate to evaluate candidates. Intro 987 has many intricacies determining the eligibility of candidates participating in the debate. As written it acknowledges the very short time frame in determining the necessity of run-off election in primary elections for Mayor, Comptroller and Public Advocate. We would like you to consider as an alternative Instant Runoff Voting (IRV). Though this is not part of Intro 987, the League believes IRV will save taxpayer money by eliminating a second election two weeks after the primary. This would ensure that the winner will have received over 40% of the vote as required by current law.

Intro 988 allows the Campaign Finance Board (CFB) the flexibility of offering the informative Voter Guide on-line if voters opt-out of the print version. The League supports the CFB in having this flexibility.

The League has no position on Intro Nos 980 (realigning contribution limits to transition and inauguration entities); 986 (early public funds payments in local elections); 1002 (requiring physical receipts from the conflict of interest board by participants of the city's public matching program).

We thank you for giving us the opportunity to testify today and we will continue to support all efforts to promote confidence in our political system and get all voters to the polls in every election. A strong and vigilant public campaign finance system helps us achieve this goal.



**TESTIMONY OF PRUDENCE KATZE  
RESEARCH AND POLICY MANAGER, COMMON CAUSE/NY**

**BEFORE THE**

**NEW YORK CITY COUNCIL COMMITTEE GOVERNMENTAL OPERATIONS  
May 2, 2016**

Thank you for the opportunity to speak today. My name is Prudence Katze and I am Common Cause/NY's Research and Policy Manager. Common Cause/NY is a nonpartisan, nonprofit organization founded to serve as a vehicle for citizens to make their voices heard in the political process. Accordingly, ensuring that our elections are accessible, well administered and fair is part of our core mission to promote civic engagement and accountability in government.

Over the past few weeks, a steady drumbeat of rumors, leaks, investigations and accusations have swirled around the office of the mayor of New York City, with much of the cacophony emanating from the handling of New York State campaign and party committees. I bring this up in today's testimony because I want to first congratulate New York City and the New York City Campaign Finance Board on how far we have come in the administering accessible and clean local elections. For example, a whopping 76% of first-time contributions to the 2013 local election cycle gave \$175 or less!

But, we still have many ways to improve and the bills before the Council today all go towards plugging in the holes that still exist. Common Cause/NY is in favor of all the bills and resolutions before today's hearing, but I want to take the time today to focus on three that will go a long way towards eliminating the potential of, or the appearance of, corruption: **Intro 985-A, Intro 990, and Intro 1001**

**Intro 985-A** - A Local Law to amend the administrative code of the city of New York, in relation to eliminating public matching funds for contributions bundled by people doing business with the city

This bill would eliminate the possibility of matching, with public funds, any contribution to a candidate for a local New York City office that is bundled by a lobbyist or person who has, or may have, business dealings with the City.

In 2008, the New York City Campaign Finance Board, created a "Doing Business Database" consisting of people and entities who interact with city departments and agencies – whether they are lobbyists, a contractor or a grantee. In 2009 doing business law took effect for all lobbyists and individuals associated with businesses in the city. This database ties into NYC's then new pay-to-play mandates on lower limits campaign contributions from people who interact with the city.

Currently, the limits from individuals who do business with the city are \$400 for the Mayor, Public Advocate, and Comptroller, \$320 for Borough Presidents and \$250 for City council members. This robust regulation, especially compared to other municipalities, has indeed had a large impact: In 2001, doing business individuals made up 25.2% of the total contributions with a figure of almost \$12 million. Fast forward to the 2013 election and those numbers are dramatically lower: only 2%, or around \$1.3 million, out of the total contributions came from people doing business with the city.

*that would  
be plugged*

But, there is a huge, exploitable hole by passing Intro 985. Specifically, there are no restrictions on intermediaries, or “bundlers,” who do business with the city. Not only is a bundler who does business with the city essentially stretching its own contribution limit, the bundler is also able to collect funds that can be publicly matched by our tax dollars. Jay Kriegal, the lobbyist for Related Companies is a classic example of exactly how this loophole works. He is registered in the Doing Business Database and therefore limited to the \$400 caps. However, between 2007 and 2012, he bundled almost \$100,000 to the candidates in the mayoral race of 2013. Most of those funds were given to former City Council Member Christine Quinn, who was Council Speaker during that time.

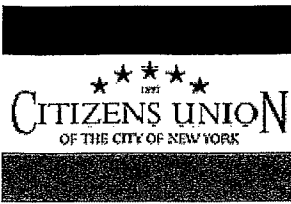
Passing **Intro 985** will tighten this obviously gushing spigot of public money to local candidates.

In that same vein, Common Cause/NY urges the passing of **Intro 1001**, a bill that obviously enhances the strength of the Doing Business Database by adding the name of any businesses or organizations that have at least a 10% ownership stake in a an entity that does business with the city.

Finally, passing **Intro 990**, would prohibit *all* candidates, even those who are not registered with the city’s public matching fund program, from receiving funds from political committees not registered with the New York City’s Campaign Finance Board.

**New York City’s campaign finance city is seen as an example for municipalities across the country and within our own state. Let’s both stamp out the possibilities of pay to play and strengthen the voice of the everyday people of New York City by passing Intro 985, Intro 1001 and Intro 990.**

Thank you.



**CITIZENS UNION OF THE CITY OF NEW YORK**

**Testimony to the New York City Council Governmental Operations Committee  
on Legislation Related to Campaign Finance Reform**

**May 2, 2016**

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Good afternoon Chair Kallos and members of the Governmental Operations committee. My name is Dick Dadey, and I am the Executive Director at Citizens Union. Citizens Union of the City of New York is an independent, nonpartisan, civic organization of members who promote good government and advance political reform in the city and state of New York. Citizens Union serves as a civic watchdog, combating corruption and fighting for political reform. We work to ensure fair and open elections, honest and efficient government, and a civically-engaged public.

Citizens Union supported the legislative recommendations made by the Campaign Finance Board (“CFB”) in its report following the 2013 elections, and we testified to that effect at a Government Operations Committee Hearing in September 2014. The Council laudably began to improve the city’s Campaign Finance Program (“the Program”) immediately following the 2013 elections, passing two bills that expanded disclosure of campaign mailings and independent expenditures, banning anonymous ads and providing voters more information about donors to independent spenders. We are pleased that the City Council is finally moving forward to address needed campaign finance reforms which have been on the table for years.

Citizens Union supports each piece of legislation before you today, as they would each contribute, in varying degrees, to improving the Program and thereby providing voters with strong choices of candidates, and ensuring the impact that money has on our politics is appropriately limited where possible while providing public transparency of spending and appropriate enforcement to ensure the protection of public funds.

**1. Disclosures and Reporting – Intros 1001 and 1002**

Intro. 1001 would add disclosure requirements for entities with an ownership interest in entities that do business with the city. It is not uncommon for business entities to be owned by other business entities. Therefore doing-business entities should not only report the names of their own officers and owners, any entity with a significant ownership interest. This would increase transparency and accountability, enabling New Yorkers to better understand how political contributions intersect with the business of the city and who is behind such contributions.

Intro. 1002 would eliminate the requirement for candidates to submit Conflicts of Interest Board (COIB) disclosures to the CFB. This sensible legislation would ensure that the financial income disclosure requirement would continue as a condition for public funds eligibility, yet would place the burden of notifying the CFB of compliance on COIB rather than on the candidates – simultaneously streamlining efficiencies and easing onerous requirements on candidates.

## **2. Contributions – Intros 980 and 990**

Intro. 980 would equalize the TIE (Transition and Inauguration Entity) and campaign contribution limits, which were equal back in 2001. Campaign contribution limits were raised 10% in 2002 to account for the changes in the Consumer Price Index, while TIE contributions remained stagnant. This disparity has led to confusion among both contributors and elected officials – to reduce this confusion and ease compliance with contribution limits, campaign and TIE contribution limits should match.

Intro. 990 would prohibit contributions from non-registered political committees to candidates who are not participating in the city's public matching program. Currently in registering with the CFB, political committees affirm they will not use money from prohibited sources (like corporations, LLCs, or partnerships) to make contributions to candidates. Participants and non-participants alike should observe this requirement.

## **3. Public Funds Payments – Intros 986 and 985-A**

Intro. 986 would have the CFB make determination about and payments of public funds earlier in the election cycle. In the 2013 primary election, less than half of participating candidates qualified for public funds payment on the first payment dates. An earlier payment date would provide incentive for candidates to qualify for the Program earlier and provide opportunities to fix compliance issues in a timely way.

This is an important measure to ensure that voters have a meaningful choice of candidates at the polls, by giving candidates who challenge incumbents the ability to mount competitive races. An earlier payment would allow insurgent candidates to successfully administer designating petitions, and ward off incumbents' legal challenges regarding petition signatures – a common tactic for removing the competition. Though time is tight, we hope that it remains possible to implement this earlier payment cycle before 2017 if the CFB prioritizes it. Council members and the mayor should pass this bill to show their commitment to competitive elections and put voter choice above self-protection. New Yorkers must have the ability to choose among candidates for these positions, and their choices should not be diminished by policies that are proven to overly-advantage incumbents.

Intro. 985-A would eliminate public matching funds for contributions bundled by people doing business with the city. We urge passage of this critical reform that builds off of one of the major strengths of the Program: the doing business restrictions, which help to ensure that candidates are seeking contributions from small donors within their communities and that those who are seeking to influence government are appropriately limited in what they can give.

While contributions are not matched and limited for those who do business with the city, there is a loophole that currently allows lobbyists and those who do business with the city to bundle contributions from individuals that are matchable. For example, a lobbyist can only individually give \$400 to candidates for mayor which are *not* matchable, but could bundle several \$4,950 contributions that are matchable. Additionally, the doing business limits only apply to individuals, not institutions, and candidates can currently contract with consultants using public funds with firms that lobby in addition to providing campaign services. While contributions from people who are identified as doing business with city government are strictly limited, a loophole exists that allows these individuals to bundle unlimited amounts of money to the same candidate, thus undermining the intent of the law to prevent or limit the appearance of “pay-to-play” influence. Passage of this legislation would reduce the **impact of bundling by people doing business with the city, making** these contributions non-matchable would limit their impact and help to close this loophole.

#### 4. Public Education – Intros 988 and 987

Intro. 988 would add flexibility to the Voter Guide mandate, providing New Yorkers with more information about elections and recognizing that New Yorkers increasingly prefer digital to print materials as well as providing cost savings and foregoing unwanted waste of paper. The New York City Charter currently mandates the CFB to print and distribute a Guide to each household with a registered voter before each primary and general election. A more flexible mandate would allow New Yorkers who prefer to access the Guide electronically to opt out of receiving the guide in the mail, saving money on both printing and postage. Simultaneously, this bill would also require the CFB to provide voters with even more comprehensive information regarding candidates and referenda on the ballot in state and federal elections. These welcome additions will ensure that voters receive nonpartisan information.

Intro. 987 would increase the minimum amount of money raised to participate in the first official campaign finance board debate for local citywide offices. Currently, the Campaign Finance Act contains basic, minimum criteria for participation: candidates for mayor, comptroller, and public advocate must raise and spend more than one-fifth of the threshold for public funding that was established in 2004. While spending limits have increased more than 20% since that time, the minimum threshold has remained the same. In requiring candidates to raise and spend 2.5 percent of the expenditure limit for the office they seek, the first CFB debate of election season would include participating candidates who can demonstrate modest measures of viability.

## 5. Preconsidered Resolutions

Citizens Union supports the first preconsidered resolution calling upon the New York State Legislature to pass, and the Governor to sign, the Voter Empowerment Act of New York (A.5972 and S.2538-B), to streamline the voter registration process. This legislation would institute online registration, among other reforms. Besides facilitating ease of registration, online voter registration is critical to improving voters' experiences at the polls, as it would reduce the need for affidavit ballots should there be errors in registration resulting from the paper-based system that is largely utilized now.

We also support the second resolution calling upon the New York State Legislature to pass, and the Governor to sign, A.2644, and the electors of the State of New York to approve and ratify the resulting constitutional amendment, to establish no-excuse absentee voting. No-excuse absentee voting would allow voters who wish to cast an absentee ballot to do so without the requirement to declare a reason why they will be unable to vote at their respective poll sites on Election Day. We found that twenty-seven other states have instituted "no-excuse" absentee voting, allowing voters who would prefer to vote early and through the mail the opportunity to do so. No-excuse absentee voting would also provide those who have difficulty showing up on Election Day, or do not wish to wait in line at their poll sites, to fully participate in the electoral process through these other means. We believe that by eliminating the absentee ballot "excuse requirements" New York can greatly increase access to the ballot, make voting as accessible as possible and encourage voter participation. New Yorkers lead busy lives and they would benefit from an eased process by which they can exercise their constitutional right to vote at a time and by a method that is most convenient to them.

Thank you again for holding this hearing and allowing Citizens Union to present its views and recommendations. I am available to answer any questions you have.

Testimony of  
Dominic Mauro, Staff Attorney, Reinvent Albany  
before the  
New York City Council Committee on Government Operations  
Hearing on Political Contributions on May 2, 2016

Good afternoon, my name is Dominic Mauro, staff attorney for Reinvent Albany. My organization normally keeps an eye on Albany, and does not testify on NYC ethics and anti-corruption issues, but this is no ordinary moment.

We support all of the bills being considered today, in particular Intro 985-A, the bill addressing bundling by people doing business with the city. However, along with urging you to pass all of these bills, we also urge Council to consider much larger reforms.

We are testifying because watchdog groups like ours have long considered New York City government much cleaner than New York State's. Unfortunately, the new scandals embroiling the mayor suggest it may be possible for an elected official circumvent the city's anti-corruption systems and essentially take money in exchange for political favors without breaking the law.

We believe New York City's campaign finance system is being profoundly undermined by lax enforcement of lobbying regulations and by the use of non-profit groups—controlled by the city or its elected officials—as destinations for contributions from wealthy interests seeking political favors.

Accordingly, we would like the Council and the Committee on Government Operations to confer with the Mayor's Office and the Campaign Finance Board about major reforms that would address these issues.

We have two suggestions:

First, the Mayor, Comptroller, Public Advocate, Council and agency heads should not be able to solicit contributions for non-profit groups that they effectively control. Until this nonprofit backdoor is closed, city officials—especially the mayor—will have a huge incentive to use non-profits to evade the limits that keep elected officials from soliciting huge contributions.

Second, lobbying rules have to be strengthened and lobbying enforcement transferred from the city clerk to the Campaign Finance Board. It simply does not work to have lobbying rules enforced by the city clerk, who is a political appointee of the City Council. A strong lobbying enforcer could step in to preempt problematic conflicts, such as firms working for both the mayor and for clients who want favors from him.

Thank you for your time, and for the opportunity to testify.



**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Dominic Mauro

Address: \_\_\_\_\_

I represent: Reinvent Albany

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Rosemary Shields

Address: \_\_\_\_\_

I represent: League of Women Voters

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1002 Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Julia Davis

Address: \_\_\_\_\_

I represent: Conflicts & Interest Board

Address: 2 Lafayette Street, Suite 1010, NYC 10007

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 5/2/16

(PLEASE PRINT)

Name: Amy Loprest

Address: \_\_\_\_\_

I represent: NYC Campaign Finance Board

Address: 100 Church St, 12<sup>th</sup> Floor

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. All Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Henry Berger

Address: City Hall

I represent: Mayor's office / Admin

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: May 2, 2016

(PLEASE PRINT)

Name: Amy Loprest

Address: 100 Church St.

I represent: Campaign Finance Board

Address: 100 Church St.

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**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: May 2nd

(PLEASE PRINT)

Name: Prudence Katz

Address: \_\_\_\_\_

I represent: Common Cause / NY

Address: 2703 180 Broad St

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: GUNN RUSSELL

Address: 9 MERRIM ST

I represent: NYPIRG

Address: 9 MERRIM

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Eric Friedman

Address: \_\_\_\_\_

I represent: Campaign Finance Board

Address: \_\_\_\_\_

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**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 5/8/16

(PLEASE PRINT)

Name: DKK DAPI

Address: 299 Broadway, Ste 700 10001

I represent: Citizens Union

Address: \_\_\_\_\_

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 5/2/2016

(PLEASE PRINT)

Name: Asm. Brian Kavanaugh (NYS Assembly Member)

Address: \_\_\_\_\_

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

Please complete this card and return to the Sergeant-at-Arms