

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON GOVERNMENTAL OPERATIONS

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June 11, 2019
Start: 12:15 p.m.
Recess: 12:59 p.m.

HELD AT: 250 Broadway - Committee Rm.
Committee Room - 14th Fl.

B E F O R E: FERNANDO CABRERA
Chairperson

COUNCIL MEMBERS: Ben Kallos
Alan N. Maisel
Bill Perkins
Keith Powers
Ydanis A. Rodriguez
Kalman Yeger

A P P E A R A N C E S (CONTINUED)

2 [sound check] [pause] [background
3 comments/pause] [gavel]

4 CHAIRPERSON CABRERA: Good—good
5 afternoon. I am the Chair of the Committee on
6 Governmental Operations, Council Member Fernando
7 Cabrera. Today, we're having a second hearing and a
8 vote on legislation by Council Member Ben Kallos'
9 Propose Introduction 732-B of 2018 in relation to
10 establishing a full public match campaign finance
11 system. Since 1988, the New York City's Campaign
12 Finance Act administered by the Campaign Finance
13 Board has provided candidates who choose to
14 participate in the city's Public Finance Program with
15 funds to help finance their campaigns. In exchange
16 for limits on expenditures and other requirements,
17 eligible portions of matchable contributions to
18 participating candidates are now matched at 8 for
19 every--\$8.00 for every \$1.00 contributed by New York
20 City residents. The intent of the public financing
21 programs to prevent corruption to enhance public
22 confidence in local government by reducing the
23 improper influence of big dollar campaign
24 contributors, and to increase engagement with local
25 communities by encouraging candidates to raise small

2 dollar contributions from average New Yorkers.

3 Proposed Introduction 732-B of 2018 will amend the

4 Campaign Finance Act's current cap on matching funds

5 available to candidates participating in the public

6 financing program. Specifically, the bill will allow

7 candidates to receive matching funds in an amount

8 such that a candidate could reach the expenditure

9 limit solely through a combination of matchable

10 contributions, and public funds. With the current 8

11 to 1 match, these will functionally be a public fund

12 cap of 88.89% of the expenditure limit. The new full

13 public funds cap will be available to participating

14 candidates who select Option A for new contribution

15 limits and fundraising thresholds in the 2021 primary

16 and general election. Participating candidates who

17 do not select these options will continue to have the

18 existing public fund cap of 55% of the expenditure

19 limit applied through 2021. Starting in 2022, the

20 public match cap would apply to all participating

21 candidates. In a change from the A version, the bill

22 would mirror the approach of Local Law 1 of 2019 by

23 requiring that candidates who selection Option A

24 should have both the contribution limit and matching

25 formula of such option applied to all contributions

2 received by such candidate no matter when received.

3 The bill will also provide for and make adjustments

4 to early payment dates for the disbursement of public

5 funds including requiring that CFB make a first

6 payment date on December 15th preceding the election

7 year, and make payment on the 15th—on the 15th day of

8 each month from January through April of the election

9 year. Conforming amendments are made to align with

10 both the new early payment dates and the new primary

11 dates, the deadline by which candidates wishing to

12 participate in the program must file—first file a

13 certification accepting the program's terms and

14 condition and the deadline by which financial

15 disclosure reports must be filed with the Conflicts

16 of Interest Board. Technical amendments are made to

17 the candidate's statement of need requirements and

18 the bill provides that candidate will qualify for

19 additional public funds if opposed by another

20 candidate who has received public fund payments.

21 This bill will permit participating candidates to use

22 public funds for costs related to defending a

23 challenge to the validity of a candidate's petition

24 to get on the ballot. The bill would adjust the

25 contribution limits for transition in an inauguration

2 and at least to match those four participating
3 candidates under the contribution limits to be in
4 effect in 2022. The bill will repeal—will repeal the
5 provisions added to the City Charter by ballot
6 proposal question number one, and replace these
7 provision where it's not otherwise amended by this
8 bill within the Administrative Code. Finally, the
9 bill will remove portions of the Campaign Finance Act
10 that have expired or have been rendered
11 unenforceable. I would like to thank our staff who—
12 who worked to make this hearing possible, Brad Reed,
13 Daniel Collins, Elizabeth Kronk, Emily Forgione,
14 Sebastian Bacchi and Charlotte—Charlotte Martin as
15 well as my own Legislative Director Claire
16 McLeveighn. I will now ask the sponsor of the bill
17 to speak on his legislation. Council Member Ben
18 Kallos.

19 COUNCIL MEMBER KALLOS: I want to wake up
20 in a city with a government that actually works for
21 New Yorkers. Affordable housing, world class
22 education for our children and a transit system that
23 gets you where you need to go. For far too long
24 politicians have spent their time fundraising from
25 the 1% instead of working for the residents who

2 elected them. Spent more than a decade fighting to
3 clean up our government. I put State Legislative
4 voting records online 10 years ago, almost to the
5 day. I enacted the law that made the City Council a
6 full-time job and eliminated personal income payments
7 to Council Members from the Speaker to reward and
8 maintain loyalty known as Lulus. However, candidates
9 from Mayor could still take contributions of \$5,100
10 from real estate developers or even more when it's
11 bundled by their family. When I got elected, I
12 introduced legislation to increase the match to \$250
13 per donor and allowed candidates to go from matching
14 a little more than half of the small dollars they
15 received to matching every small dollar. The problem
16 was that while public matching worked for the City
17 Council helping newcomers to reflect the communities
18 and diversity of our great city get elected. At a
19 borough wide and citywide level, the big money gap
20 was far too large to fill with small dollars. To run
21 for City Council you had to raise \$68,000, but that
22 big money gap grew to \$2.6 million for Mayor. When I
23 introduced the legislation to close the gap last
24 term, I could not secure a hearing on the bill until
25 we got 32 sponsors even though I was the Chair of the

2 Governmental Operations Committee. Now, I want to
3 take a moment to acknowledge and thank Fernando
4 Cabrera who was my co-prime sponsor last term when I
5 was Chair, and continues to be my co-prime sponsor
6 now that he is Chair. His passion for elections and
7 campaign finance shines through. Thank you. At our
8 hearing last term we heard supportive testimony for
9 the legislation for labor organizations such as 32BJ,
10 CWA District 1, political organizations including
11 Working Families Party, the New Yorker Progressive
12 Action Network, New Kings Democrats, the New York
13 Democratic Council, the Owner Legacy Committee
14 organizing-organizations representing communities of
15 interest including New Yorker Immigration Coalition,
16 New York Communities for Change, Make the Road,
17 Community Voices Heard, Bridge Roots, housing
18 advocates at Urban Justice Centers, Tenants and
19 Neighbors, Historic District Council, issue advocates
20 at Strong Economy for All, Friends of the Earth, Good
21 Government Groups like the Women's City Club of New
22 York, Effective New York, Reinvent Albany, Citizens
23 in Action, the Most Public Citizen, NYPERG, Common
24 Cause and the Brennan Center. Though their issues
25 were legion from fighting for their residents, rights

2 or workers, immigrants, communities of color, tenants
3 to saving our planet, all of them could agree that
4 that in order to win on their individual issue we
5 needed to reduce the influence of big money in
6 politics. Last year the Mayor went around the
7 Council and took the issue of campaign finance reform
8 straight to the people, who it turned out cared a
9 deep-cared a great deal about the issue. On November
10 8, 2018, 1,151,775 people voted in favor campaign
11 finance reforms proposed by Ballot question one a
12 staggering 80% of voters. Now, for context, almost
13 as many people voted for campaign finance reform as
14 voted for any candidate for mayor in the 2017 General
15 Election. Following this victory, I authored Local
16 Law 1 of 2019 to apply these reforms to the Special
17 Election for Public Advocate, and the included a
18 retroactivity that was requested by the Campaign
19 Finance Board. The good news is that the new system
20 works, and it has showed (sic) how campaigns are
21 financed upside down and for the first time a
22 candidate won citywide office for the pledge not to
23 take real estate money. Big money no longer made up
24 three-quarters of campaign cash, and was replaced by
25 small dollars, which now made up almost two-thirds of

total funds. As Amy Loprest the Executive Director of the Campaign Finance Board testified in April, the most frequent contribution size across all candidates was just \$10 compared to \$100 in the previous citywide races, but one-third of the money is still coming from big donations, and that is directly related to the gap that still remains. That's why we need a full match, and we need to do it now, and in part because we couldn't get it done before. Now, to put this in perspective, any money from outside the city from people doing business, from lobbyists, from political action committees and from individuals who are writing matched checks would not be matched making big money far less valuable against small dollars from residents, and on that big money piece only that first \$175 or \$250 gets matched, and the rest doesn't. The City Councils would look a lot more like a clean election system with 121 contributions at \$175 giving them all the money they need to run. Borough presidents will need at least 1,041 donations. Comptroller and Public Advocate will need 2,024 donations of \$250 and Mayoral candidates will need 3,248 donations of \$250 to raise \$809,556. That is still a lot of money, but the news

1 here is it can be done with small dollars. I want to
2 thank Speaker Corey Johnson for his commitment to
3 everyday New Yorkers, and the fact that he made this
4 promise when he was running for Speaker. He's kept
5 that promise, and politics is so often defined by the
6 promises not kept versus the promises delivered upon.
7 2021 is a worse nightmare for me and every other
8 renter in this city with 38 Council members, five
9 borough presidents, a comptroller and Mayor all
10 turned out of office. I shudder to think what big
11 money could do to try to elect a government that
12 would work for them instead of the communities they
13 represent. When I ran in 2013, I didn't take money
14 from real estate. I was mocked and ridiculed often
15 to my face. Who knows what they said behind my back.
16 Everyone said real estate runs this town. I was
17 offered more money from real estate than I could ever
18 imagine. I was told to take it if I wanted a future
19 in politics. I did not let a broken system change
20 me. Today, we are changing a broken system. I want
21 to wake in city where elected officials don't work
22 for big money. Elected officials—I want to wake up
23 in a city where elected officials work for our
24 residents. I want to thank Rob Newman, Brad Reed,

2 Daniel Collins, Elizabeth Kronk, Emily Forgione, and
3 Sebastian Bacchi and central staff for their work on
4 this bill, and I urge my colleagues to vote yes.

5 CHAIRPERSON CABRERA: I want to commend
6 you, Council Member Kallos for being a champion for
7 good government. You fought for it, and finally
8 today we're going to get it out of the committee.
9 Let me recognize that we've been joined by Council
10 Members Powers, Maisel, and Council Member Yeger who
11 has requested to speak.

12 COUNCIL MEMBER YEGER: Thank you, Mr.
13 Chairman. Like my colleague, I, too, wish to wake up
14 in a certain kind of city. I'd like to wake up in a
15 city where we don't have homelessness children
16 sleeping on the street wondering where they're going
17 to get their next sandwich, where we don't have NYCHA
18 apartments falling apart, where we don't have
19 libraries underfunded, where members of this body
20 don't stand on the steps of City Hall throwing their
21 fists in the air every single day saying where's our
22 money for this, that or the other thing. Very
23 important priorities in this city. Instead, here we
24 are today voting to put money into politicians'
25 pockets so that they can send campaign flyers so they

2 can buy more campaign buttons. Money out of our
3 pockets because I, too, am a taxpayer. Money out of
4 the pockets of the people in this room, the pockets
5 of the people who may or may not be watching,
6 probably not because this is going go slide right
7 through, and nobody cares, but this is an important
8 point. Seven months ago the voters of this city
9 voted to enact a campaign finance system that is the
10 most generous in the nation. Up to 75% of the budget
11 will be paid by taxpayer funds, 75%. That means in
12 the Mayor's race of a cap of \$7.286 million, up to
13 \$5.5 million will be paid for by the taxpayers. This
14 bill will change it that it's set in full \$7.2
15 million could be paid for by the taxpayers. In a
16 Council race \$190,000 is the cap. The taxpayers
17 would have been on the hook for \$142,000. Now,
18 they'll be on the hook for \$190,000. It doesn't seem
19 to me that when the voters voted in November they put
20 an asterisk next to their vote and said, hey, this is
21 what we're voting for, but just in case you get a
22 chance, take some more money out of our pockets. Do
23 this a little better. I don't think we got that
24 message. I didn't get that message. It's not what I
25 heard. What I heard was there was yes/no question,

2 and the yes won, and I don't know what kind of
3 arrogance it takes to turn around 8 months, 7 months
4 after the voters delivered a vote, and to say no
5 voters, you're wrong. It's not the first time we did
6 it. We've already done it once this year to turn
7 around and tell the voters no, voters not interested
8 in your opinion. We're going to do it the way we
9 want. We're going to do it as an incumbency
10 protection program. Don't be fooled. This doesn't
11 make it easier for people to come and run for the
12 Council. What this does is this puts money in the
13 pockets of people who are already holding office, of
14 the people who are voting for this. Of the people
15 that are voting for this and running for re-election
16 and the people who are voting for this and running
17 for higher office. That's what this is about. If
18 anybody tells you it's about taking big money out of
19 politics, and they would have proposed the bill to-
20 they impact contributions. They would have proposed
21 the bill to lower the Campaign Finance limits, the
22 maximum that someone can spend on a race. In the
23 last election cycle the Council cap was \$182,000. It
24 went up to 190. Nobody in this Council is saying
25 let's bring it back to \$182. The Mayor's race was

1 \$6.96 million in the primary and the general, each a
2 separate cap. It's now \$300,000 more for a primary,
3 \$300,000 more for a general. Nowhere in this body
4 are you hearing the words, Hey, let's bring that cap
5 down. If we want to get big money out of politics,
6 let's hold the spending down. Nobody is saying, hey,
7 let's limit how much we're giving in public funds to
8 the contribution limit of \$250, but instead of
9 matching \$250, let's match only the first \$25 of
10 that. What regular New Yorker walks around with a
11 checkbook throwing \$250 at politicians? That's not
12 the way campaigns are funded when you're talking
13 about the grassroots. When you look at candidates
14 who raise money from the people of New York, they're
15 not raising it in \$250 clips from the regular person
16 who runs the block association. Those people are
17 giving \$25. Lower the contribution limits even
18 further. Nobody is saying that because this is not
19 about getting big money out of politics. This is
20 about dipping the hands of politicians, politicians
21 dipping their own hands into the pockets of the
22 taxpayers to swipe the cash, to do it now when it's
23 under the radar when nobody is going to notice
24 because everybody is watching what's going on in
25

2 Albany and everybody is watching what we're doing on
3 the budget, and this is going to slide right through
4 with literally no debate. This is the debate.
5 You're watching it right now, and now it's going to
6 pass. I will be voting no, Mr. Chairman. I
7 recognize that my colleague has long desired a
8 program that—that provided for a—for a more generous
9 public financing system, but it's also important to
10 note that his proposals were made long before the
11 voters actually opined on it. The voters have
12 spoken, and as the Chairman said in his description
13 of the bill literally amongst the first words in the
14 bill are the words that this bill—I want to read it
15 so that I don't get it wrong. [pause] Repeal. We're
16 repealing the decision of the voters made not seven
17 months ago. Section 1: Repeal. Section 2: Repeal.
18 We're repealing what they did. They just did it. We
19 didn't even give it a chance to work in a citywide
20 election before we stepped in and big-footed them
21 with our own wise ideas. So, again, Mr. Chairman,
22 thank you for time. I appreciate it. I will be
23 voting no.

24 CHAIRPERSON CABRERA: Thank you so much
25 and let me just say that coming from one of the

2 poorest Councilmanic districts in New York City, I
3 wish back in 2010 we had this bill already passed.
4 It's so difficult to raise funds for campaigns, and
5 actually it doesn't go to our pockets. It goes to our
6 campaign to get the message out, and to let the
7 voters decide which way they would like to see their
8 district go, which leadership should be established
9 in their district to make a difference. I-I only
10 wish we had this before because I-and I could tell
11 you in districts like mine, it's so desperately
12 needed, and now we're going to have it, and with
13 that, let me turn it over to the Clerk to call for
14 the vote.

15 CLERK: Matthew DiStefano, Committee
16 Clerk, Committee on Governmental Operations. Roll
17 call vote on Intro 732-B. Chair Cabrera.

18 CHAIRPERSON CABRERA: Yes.

19 CLERK: Kallos.

20 COUNCIL MEMBER KALLOS: Yes.

21 CLERK: Maisel.

22 COUNCIL MEMBER MAISEL: Yes.

23 CLERK: Powers.

24 COUNCIL MEMBER POWERS: Permission to
25 explain my vote.

2 CHAIRPERSON CABRERA: Absolutely.

3 COUNCIL MEMBER POWERS: Thank you.

4 Thanks. I want to start by saying that first of all,
5 I just want to recognize Council Member Kallos has
6 been working on this bill for years, and when I was a
7 candidate, I stood on the steps of City Hall with him
8 talking about campaign finance reform, and this was
9 the—sort of the key bill that we discussed with a
10 number of good government groups because bills like
11 this and other—and other efforts and things like that
12 on the Charter as well encourage more people to get
13 into government and to run for office. It's not just
14 a big money game that you can—you can go out there,
15 you can raise money from grassroots side donors and
16 you can be part of the City Council or, you know,
17 hopefully one day in the State Assembly or the State
18 Senate. I watched him work tirelessly on this bill.
19 I want to give him a lot of credit because this is
20 really one of those efforts where you go out and you
21 build it, and—and eventually you get what it—get what
22 you—you asked for. I just want—I—I am certainly
23 sensitive to the concerns that have been raised
24 amongst those who are, you know, current candidates
25 that feel this—this bill has a negative impact on

2 them, and I'm sensitive to the idea of any time we're
3 sort of changing the rules during a campaign cycle.
4 You know, I think it's common and noted we've done it
5 before. We did it for the Special Election and the
6 Public Advocate's race, but certainly I think it's
7 also upholding the spirit of the law that was passed
8 in the—I'm sorry—the Charter that was passed to
9 continue make this about smaller donations and about
10 grassroots support and to encourage candidates to the
11 race. That being said, I, you know, I do want to
12 recognize those concerns I know a number of
13 colleagues probably here are affected by it, and
14 others have raised a concern publicly, and I don't
15 think as a body we should ignore those concerns, but
16 I am voting aye because I've, you know, I stood—I
17 stood out. I supported this bill when I was a
18 candidate. I do believe in the mission of taking
19 money out as well, out of the system, lowering the
20 contributions, and at the end of the day when we have
21 a system, and we have an opportunity do that, I think
22 we should take it, and I just want to congratulate
23 Council Member Kallos on his hard work to get here
24 today. Thank you.

25 CLERK: Yeger.

2 COUNCIL MEMBER YEGER: With great sadness
3 about what we're doing to New Yorkers today, I vote
4 no.

5 CLERK: By a vote of 4 in the affirmative
6 1 in the negative and no abstentions, the item has
7 been adopted.

8 CHAIRPERSON CABRERA: We're going to keep
9 it open until 1:00, 25 minutes. Thank you.
10 [background comments/pause]

11 CLERK: Committee on Governmental
12 Operations continuation of roll call vote on Intro
13 732-B. Council Member Rodriguez.

14 COUNCIL MEMBER RODRIGUEZ: Aye.

15 CLERK: The vote not stands at 5 in the
16 affirmative, 1 in the negative and no abstentions.
17 [pause]

18 MALE SPEAKER: The committee stands
19 adjourned.

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date June 14, 2019