

CAMPAIGN FINANCING

The League of Women Voters of the United States believes that the methods of financing political campaigns should ensure the public's right to know, combat corruption and undue influence, enable candidates to compete more equitably for public office, and allow maximum citizen participation in the political process. (LWVUS *Impact on Issues*, 2014-2016, p. 20) Statement of Position on Campaign Finance, as Announced by National Board, January 1974 and Revised March 1982.

A clear focus on campaign financing emerged from the LWVUS concern about spending abuses in the presidential and congressional campaigns of 1972. In 1973 an accelerated member study and agreement led to the initial Campaign Finance Position of the LWVUS, first announced in January 1974 and revised in March 1982. It was under this National League position that the LWVNYS took action until April 14, 1991, when the New York State League consensus was adopted.

**CONSENSUS STATEMENT: ELECTION LAW
CAMPAIGN FINANCING
Statement of Position
As announced by the State Board, April 1991**

The League of Women Voters of New York State reaffirms its belief that it is necessary to improve methods of financing political campaigns in order to ensure the public's right to know, combat corruption and undue influence, enable candidates to compete more equitably for public office and promote citizen participation in the political process. (*LWVUS Impact on Issues*).

In order to restore public confidence in the political process:

Appropriate limits should be placed on campaign contributions which can be made to each candidate from individuals, corporate funds (in the aggregate where there are subsidiaries), political party monies, donations by PACs and special interest groups.

Funding limits on statewide candidates should be set at a higher level than on candidates running in smaller districts.

Equal access to the political process for candidates should be enhanced by supporting measures which would open the system to challengers and by enacting a public financing law for statewide offices.

The New York State Election Law should enable rather than limit candidates' attempts to gain ballot positions. All qualified candidates aspiring to public office should have access to the ballot through a fair, simplified petition system that is straightforward and that does not present a maze of technical minutiae. Basic safeguards against fraud should not require excessive rigidity.

Enforcement of the election law pertaining to campaign finance requires analysis of the data collected under the established procedures for reporting the receipt and expenditure of funds.

**CONSENSUS STATEMENT: ELECTION LAW
CAMPAIGN FINANCING
Statement of Position
As announced by the State Board, April 1991 (continued)**

The League calls for centralized computerization of campaign finance records for local and statewide elections. In order for this information to have any meaningful effect, it must be monitored, analyzed, and disclosed. Oversight and enforcement must be vested in a government entity with the independence, power, and adequate resources to enforce the law.

The League supports measures to restore integrity to a system which has become flawed by political partisanship.

The League of Women Voters of New York State supports passage by the legislature of a legally valid Fair Campaign Code. Fair Campaign Practices Committees can play an important role in establishing ethical campaign guidelines at all levels of government and can focus public opinion on the conduct of campaigns. We urge their widespread use across the state.

Recent League Activity

2016

In 2016 the League again focused its campaign finance lobbying efforts on closing the LLC loophole. This issue has been a top priority for the League for many years and we spent countless hours advocating for legislation that would limit the amount of funding limited liability companies could donate to campaigns. Governor Cuomo once again included language in his executive budget that would limit contributions and attribute the LLC funds to the individual owners of the companies rather than allowing multiple people to act as a single entity. The bill was taken up in the Assembly and passed towards the end of session. Unfortunately, the Senate was not interested in moving the bill even with strong efforts from the bill's sponsors. The League participated in several press conferences with the bill sponsors and our good government partners. We circulated our memo of support throughout the session and included the reform in letters to the Governor and legislature.

Toward the end of the legislative session, Governor Cuomo released his own "package" of LLC bills. Each bill was aimed at closing the loophole for individual political offices. The bills did not have the same disclosure rules as the original bill and they were never officially introduced in the legislature. The League had hoped a bill to close the LLC loophole would be included in the final ethics package at the end of session but unfortunately the legislature refused to advance the legislation.

2015

The 2015 legislative session was one that saw the leadership of both houses change as the then leaders Sheldon Silver and Dean Skelos were arrested on federal corruption charges in January and May respectively. Unfortunately, even this did not result in any progress being made in the legislature on campaign finance reform. However it ended up being a year in which the League and its good government allies pushed to see the LLC Loophole finally closed. Legislation to do this was introduced in January by Assemblyman Brian Kavanagh and Senator Daniel Squadron. While the Assembly was quick to pass the measure, the Senate Republicans refused to even

consider the legislation forcing Senator Squadron to file a motion with the Senate Elections Committee asking the members to honor senate rules and vote on the bill. On the floor of the Senate this motion was deemed non-germane and failed on a straight party line vote.

Going at the problem through a different avenue, advocates also attempted to overturn the 1996 State Board Election's opinion that created the LLC loophole at the April meeting of the New York State Board of Elections, but the effort failed with a 2-2 vote; both republicans voted against, democrats voted for. The GOP Commissioners insisted this type of reform was better left to the legislature. The League and several other good government groups voiced their outrage over the board's gridlock and reiterated the importance of replacing the ill-advised and outdated 1996 advisory opinion that treats limited liability companies (LLCs) like individuals, rather than corporations. At September's meeting of the State Board of Elections, a request for a re-hearing of the 1996 advisory on LLC was raised and again the vote was stalemated at 2-2.

The LLC Loophole continues to be a major issue in New York State government. This gaping loophole has allowed millions of dollars to flood New York's elections with cash, as individual large donors have used it to circumvent New York's already high contribution limits.

In late April, Senator Squadron's bill was finally referred to the Corporations, Authorities, and Commissions Committee where State Senator Ranzenhofer held it in Committee therefore killing it for the session.

Past League Activity

While functioning under the national position, the LWVNYS supported campaign-financing rules limiting contributions and expenditures. The League consistently lobbied for partial public financing of campaigns for statewide offices and strongly endorsed a funding system incorporating a state income tax check-off.

In 1982, the League interpreted its campaign financing position to include ballot issues as well as candidates. During the 1983 legislative session, the League actively supported a bill, subsequently signed into law that would require political action committees to report all contributions and expenditures made for the purpose of supporting or opposing ballot issues.

Closing a serious gap in the state election law, a bill that prohibits candidates and political committees from diverting excess campaign funds to personal use passed with League support in 1985. Until this restriction became law, candidates and committees were free to use excess funds in any manner they desired. Loose enforcement of the law has resulted in continued misuse of campaign funds for personal expenses.

Another loophole in the law was addressed in 1988 when the legislature passed a law requiring the disclosure of "housekeeping" funds. These funds are for the purpose of maintaining political party offices and are to be used only for normal office expenses. They are not meant for use in political campaigns. However, since the law formerly required no reporting of these funds, there was no way to determine that they were expended properly. The new law has not been successful in eliminating the abusive practices in connection with housekeeping accounts, however.

In 1999, the State Board of Elections began requiring candidates in state elections, who spend more than \$1000, to file their financial disclosures electronically. This electronic disclosure is then published on the Internet. This law was expanded in 2006 to include all candidates for local elections who spend more than \$1000, as well.

Through the 2000's, LWVNYS continued to support campaign-financing legislation that met the criteria of our position. In the 2000 session, the Assembly leadership introduced the same partial public financing bill that had been introduced for the past fifteen years. In the 2001 session, the League, Common Cause and NYPIRG lobbied members of the Democratic majority conference to amend their campaign financing legislation to include a 4-1 public match component patterned after New York City's successful public financing law. Assembly Democrats amended their legislation to reflect the system in New York City, and it passed the house. The League then turned its attention to the Senate where we were able to secure a majority sponsor (Sen. Goodman) for similar-to legislation. This bill will have to pass the Senate in a future session in order to go to joint conference committee to resolve differences. Full public financing, "Clean Money, Clean Elections," was introduced as far back as the 1998 legislative session. Only Democratic sponsorship in the Senate could be secured and the legislation was never addressed in committee. In the Assembly the bill had majority sponsorship, but, as in the Senate, was not taken up in committee. No action on this legislation has taken place since 1998. The Governor has repeatedly said that he is not in favor of full public financing of elections.

On the last day of the regular 1999 session in June, Governor Pataki announced a campaign finance program bill. Although disappointed the legislation came so late, League supported this comprehensive approach and requested that the Governor become an actual advocate for his legislation. Clearly this legislation came too late to be debated fully by the Legislature and did not get sponsorship or was not introduced during that regular session. The Governor's program bill on campaign finance reform did not obtain a Senate sponsor until late in the 2001 session (introduced by Rules Committee). The bill did not see any action in the 2001 session. The bill would have:

- Ban soft money
- Dramatically lower contribution limits
- Crack down on sham issue ads
- Restrict fundraising during the legislative session
- Enhance disclosure
- Toughen enforcement

Passage of the McCain/Feingold law at the national level brought hope for reform of New York's lax campaign finance laws. Although the Assembly Speaker sponsored comprehensive legislation in 2002 that passed overwhelmingly in the house, the Senate has never introduced or passed similar to legislation.

The Speaker has publicly stated his support of going to a public, joint conference committee on campaign finance reform if the Senate acts on the Governor's proposal. The League called on the Governor and the Senate to support a plan based on the successful New York City system of public financing, in which candidates receive public funds to match small private contributions raised. At a minimum, the League has urged the Senate to support the Governor's legislation and to take up the Speaker's offer of a joint conference committee negotiation on campaign finance

reform. Although the League continued to lobby for campaign finance reform, no action was taken on this legislation in 2003 or 2004.

In the 2005 session, the League, in coalition with NYPIRG, Common Cause, and Citizens Union, continued to support comprehensive campaign finance reform through the following recommendations:

- Creating a voluntary system of public financing modeled on New York City's,
- Overhauling existing campaign finance laws,
- Requiring candidates for local government to report their contributions in electronic format and then posting those filings on the Internet as contributions for state office are,
- Limiting the use of campaign contributions to those activities directly involved in campaigning.

Again, the Assembly passed legislation the League supported. Governor Pataki had proposed a comprehensive campaign finance plan that was similar to the Assembly legislation except it did not include a public financing system. The Governor continued to not push the Senate to act on his plan. Unfortunately, the Senate did not offer its own reform plan and blocked more limited measures to reform the system. Advocacy on this issue has been directed at moving the Senate to act on the Governor's bill so that a conference committee could resolve differences on the two bills. Campaign finance reform was one of ten issues targeted during the reform lobby day in May 2005.

The session of 2006 preceded legislative elections and a gubernatorial election. The reform coalition continued to push the legislature to adopt the Assembly Speaker's campaign finance legislation, but began the process of making the issue of campaign finance reform a campaign issue for both the legislature and candidates for governor. For the first time, every legislator was a "reformer" and reform day in 2006 drew hundreds of citizens into the legislature to push for reform issues, most prominently, campaign finance reform. Unfortunately, the session concluded with no legislative action, but with a clearer vision for renewed anticipation of a more receptive Governor and legislature in 2007.

The election of November 2006 brought a new Governor and several new legislators into office. The League was asked to sit with other reform groups on Governor Elect Eliot Spitzer's Transition Team, specifically on the government reform committee. One of the recommendations given to the new Governor was on campaign finance reform. This Governor had campaigned on a reform agenda and there was anticipation that campaign finance reform would be a top priority. In the Governor's first State of the State message, he talked about the need for campaign finance reform.

"To neutralize the army of special interests, we must disarm it. In the coming weeks, we will submit a reform package to replace the weakest campaign finance laws in the nation with the strongest. Our package will lower contribution limits dramatically, close the loopholes that allow special interests to circumvent these limits, and sharply reduce contributions from lobbyists and companies that do business with the state.

But reform will not be complete if we simply address the supply of contributions. We must also address the demand. Full public financing must be the ultimate goal of our reform effort. By cutting off the demand for private money, we will cut off the special-interest influence that comes with it.” State of the State Address, Assembly Chamber, The Capitol, Albany, NY, Monday, January 3rd, 2007”

Shortly after the Governor’s State of the State address, reform groups including the League were asked onto the second floor (Governor’s Offices) to help craft comprehensive campaign finance legislation. Negotiated language with the Governor’s office included elements listed below; however, during the regular legislative session of 2007, these reforms were not introduced as actual legislation.

- Lowered campaign contribution limits.
- For statewide candidates – from current total maximum of \$55,900 from a single source per cycle to \$20,000 total.
- For Senate candidates – from current \$9,500 general/\$6,000 primary to \$5,750/\$5,750.
- For Assembly candidates – from \$3,800 for each primary and general to \$2,300/\$2,300.
- For party and legislative committees from current \$94,200 to \$50,000 per year.
- While we supported the Governor’s plan, his contribution limits would have moved New York from having the highest contribution limits of states with limits, to second highest.
- Limited donations to “housekeeping accounts.” The proposal would limit “soft money” contributions, currently unlimited, to \$50,000 in aggregate from each source per year.
- The Governor’s proposal would still allow staggeringly high donations, but would have eliminated the possibility that one entity would be able to pour millions of dollars into one party’s political committee – which would have diminished the appearance of a conflict of interest.
- Close loopholes. The proposal would have closed the loopholes that allow corporate subsidiaries and LLCs to skirt the law.
- Strengthened enforcement. The Governor’s plan would add a fifth commissioner to the State Board of Elections. This bipartisan appointee would have broken enforcement logjams that exist currently.
- Strengthened disclosure. The proposal would require all contributors to provide information on their occupation, employer, and business address; would require additional reports during the legislative session; and add a 15-day pre-general election disclosure report.

Campaign finance reform was also highlighted at reform day April 2007. Governor Spitzer and Speaker Sheldon Silver attended and committed to pass reforms, however, Senate Majority Leader Joseph Bruno did not attend and made it clear that his conference did not intend to pass campaign finance reform. In response to Majority Leader Joseph Bruno’s assertion that citizens did not “give a hoot” about campaign finance reform, the League initiated public forums across upstate New York to highlight the concern of citizens for this necessary reform. These public forums were held in Syracuse, Rochester, and Schenectady and were held to put legislators of

both political parties on the record about their position on campaign reform. These forums were well attended by the public, but not by most legislators.

For the last two months leading up to the end of the regular session, it became apparent that campaign finance reform was to be held “hostage” to other issues primary among them a judicial and legislative pay raise. Governor Spitzer also began to aggressively go into Senate Republican districts to highlight the Senate’s inaction on this issue. A war of words began in the final days of the session and it became apparent that until campaign finance was addressed by the Senate, no other issue would be addressed. The 2007 legislative session ended without campaign finance reform and with many issues left undone.

In 2008, the League drafted the “Campaign finance reform, enforcement, transparency, and accountability Act of 2008.” This act strived to improve disclosure, enforcement and transparency. It also attempted to lower campaign contribution limits. Unfortunately, it failed to garner support in either house.

In 2010 both houses passed ethics reform legislation that included campaign finance reform. While there were some concerns with this legislation, it represented a welcomed and needed improvement over the status quo. In February 2010, Governor Patterson vetoed the bill, stating it failed to go far enough. The league lobbied the legislature to override the veto. This legislation included critical changes to campaign finance enforcement by strengthening the independence of the State Board of Elections, and by requiring them to garner a majority vote in order to stop an investigation from proceeding. It also improved disclosure requirements by creating a mandatory uniform format electronic disclosure system and requiring disclosure by groups who expend or contribute independent of the candidate.

In 2011, the League joined with NYPIRG to support a bill which provided for public financing for the position of Comptroller. That bill passed the Assembly but was not passes by the Senate.

In 2012, Governor Cuomo included campaign finance reform as one of his goals in the State of the State Address. Thereafter, Assembly Speaker Silver introduced campaign finance legislation which included public financing. The League and its good government colleagues at NYPIRG and Citizen Union expressed some misgivings about this legislation because it created a two-tier system in which persons who participated in public financing would be subject to one set of rules administered by one regulatory body whereas those who did not participate would be governed by another set of rules, administered by a different regulatory body.

Also in 2012, acting in response to the actions of the Governor and the elevated interest in campaign finance law piqued by the United States Supreme Court’s decision in Citizens United, and the huge influx of money into the presidential and other campaigns fostered by that and other Supreme Court cases which permit unfettered contributions and expenditures for independent expenditures, LWVNYS developed a power point presentation, supplemented by background materials, for use by the local leagues in their attempts to foster active efforts by league members and others to encourage the passage of meaningful campaign finance reform. The League obtained a grant from the Robert Sterling Clark Foundation to support this campaign. The program was presented in leagues throughout the state and before other civic organizations.

Throughout this time, the League continued to work with other good government groups in support of campaign finance reform. The lobbying focus has been on public financing of campaigns, real and independent campaign finance enforcement, and regulatory reforms. The League continues to advocate for both, believing that meaningful reform of the current laws is a necessary substrate to a successful public financing system. A beginning for these reforms is the campaign finance aspects of the 2010-vetoed Ethics Reform Act. Other focuses include:

- Significantly decreasing sky-high campaign contribution limits that are among the highest in the country.
- Eliminating soft money by limiting donations to “housekeeping accounts.”
- Eliminating the transfers of campaign contributions. Currently, there is no limit to the amount that parties and candidates can donate to other parties and candidates.
- Banning campaign fundraising during the legislation session.
- Limiting lobbyists involvement in campaign activities
- Disclosure of employers and bundlers.
- Banning personal use of campaign funds by candidates.

In 2013, during a legislative session that saw the indictment of numerous legislators on corruption charges, the League continued its advocacy for comprehensive campaign finance reform and changing Albany’s “pay-to-play” culture. The indictments heightened public interest and support of campaign finance reform and pressure on the governor and legislature to act. Assembly Speaker Silver reintroduced his campaign finance reform legislation (A.4980/S4705 – The Fair Elections Act) of which the League’s misgivings remained. The Senate Independent Democratic Conference, led by Senate Majority Coalition Co-Leader Klein, introduced a more comprehensive campaign finance reform legislation (S4897 – The Integrity in Elections Act). The League welcomed the addition of a more comprehensive package to the public discourse. However this legislation had no same as in the Assembly and, given the politics of the Senate during the 2013 session, had very little chance of passing. In June 2013, Governor Cuomo also proposed his own campaign finance legislation in Program Bills #3 and #12. The League, with NYPIRG, applauded the governor for highlighting campaign finance reform in the closing weeks of the session, but urged the governor and legislative leaders to come together to produce results and actually pass comprehensive legislation.

The League also provided testimony on campaign finance reform before the Independent Democratic Caucus at their “Restoring the Voters’ Trust in New York State Government: Reforming New York State’s Campaign Finance and Election Laws by Increasing Accountability” hearings in both Buffalo and Albany. In addition to working with our good government partners on this issue, the League was also a participant in the Fair Elections Coalition to pass comprehensive reform. While lobbying the issue in Albany, the League continued to support local leagues in holding educational forums on campaign finance reform. While Speaker Silver’s bill was passed in the Assembly, ultimately no campaign finance legislation was passed in the Senate, as the Senate leadership refused to bring it to the floor for a vote.

2014

For the first time, Governor Cuomo put Campaign Finance Reform in his proposed 2014 state budget. Because of previous Court of Appeals decisions granting the executive far more control

over the state budget, the Governor gambled that the Legislative Branch would not risk delaying the budget beyond the April 1st deadline and therefore the budget would include his proposed Campaign Finance Reform. Despite the grave reservations of some good government groups, consensus was reached that this could be the best opportunity to accomplish Campaign Finance Reform.

Throughout the 2014 budget session, local Leagues and the state League lobbied their local legislators and the leadership offices to ensure that comprehensive campaign finance reform proposal remained as part of the proposed state budget. Unfortunately, the governor and legislature reached an agreement behind closed doors which was significantly watered down and included only a publicly funded pilot program for the Comptroller but did not use his budgetary powers to secure comprehensive CFR and the legislature passed a significantly watered down budget agreement with a governor appointed campaign finance enforcement official, who would provide a fifth vote only on enforcement matters conducted in the enforcement entity.

The League expressed its extreme disappointment that Governor Cuomo and the Legislature failed to seize upon a historic opportunity to pass comprehensive campaign finance reform. We were particularly disturbed that the Governor failed to push more strongly to fully implement the findings of his own Moreland Commission. The budget agreement omitted fundamental and long-sought reforms such as reasonable limits on campaign contributions, banning of housekeeping accounts, limiting party transfers, and the closure of the LLC loophole. The system of public financing limited to candidates for State Comptroller during the current election cycle was woefully lacking in both time and scope to be effective as a pilot program. The current Comptroller declined this deeply flawed and inadequate faux "reform" leaving New Yorkers with a government still susceptible to the corrupting influence of big-moneyed special interests. In a devastating move by the Governor, the day following passage of the State budget, the Moreland Commission was disbanded. For the remainder of the legislative session, much media attention was focused on the political ramifications for the Executive because of his disbanding of his public integrity commission.

Following passage of the budget, the League and good government colleagues continued to lobby the legislature for comprehensive campaign finance reform, however, no legislative action was taken.

Computerization of Campaign Finance Records

Following vigorous lobbying during 1996 and 1997, including much media work, the Take Back Democracy Coalition was finally successful in securing an appropriation through the 1997-98 state budget to computerize campaign finance reports filed with the State Board of Elections. Computerization would begin in July of 1999. The implementing legislation would require candidates planning to spend more than \$1,000 on their state campaigns file their required financial reports on computer disk with the State Board of Elections.

On July 1, 1999, the State Board of Elections began computerizing and putting out on the internet all campaign finance records of candidates who spend more than \$1,000 on their campaigns. This now enables anyone with access to the Internet the ability to follow campaign

contributions to candidates for statewide and legislative offices. The League will continue to lobby to extend computerization to local boards of election.

During the 2002-2003 session the League worked to pass local computerization of campaign finance records. The legislation had majority Senate and Assembly sponsorship. Although the League lobbied vigorously to pass local computerization of campaign finance records and the Assembly did pass the bill, the 2003 session closed without the Senate taking any action.

Late in the 2005 session, after extensive lobbying by the Reform New York Coalition, the Senate and Assembly agreed to computerization legislation which would require candidates for local government to report their contributions in electronic format and then post those filings on the Internet. The new law went into effect January 2006. This was a major success for the reform coalition.

As part of the League's transition with Governor Elect Eliot Spitzer, the issue of adequate funding for the state Board of Elections, Campaign Finance Enforcement Unit was addressed. As a result, the executive budget allocated \$1.5 million dollars for increased staffing for this enforcement unit. The legislature agreed to this appropriation and with passage of the budget on April 1, 2007, several new staff positions were created.

Fair Campaign Practices

In 1973 the first Fair Campaign Practices Committee (FCPC) was established in Monroe County by the Rochester League. This committee, composed of selected community leaders, establishes guidelines for the conduct of ethical political campaigns and has the influence to produce a positive effect on the tenor of campaigning. The committee hears complaints made by opposing candidates and releases findings to the media. The negative campaigning of the 1988 elections was a major impetus to citizen concern about the election process and stimulated renewed interest in the establishment of FCPCs. Several FCPCs now function in various parts of the state; local Leagues were the impetus for their creation.

The League is concerned about the ethical conduct of candidates for political office. The practice of self-monitoring by candidates, campaign committees, their media advisors and political party committees may be commendable, but it is not always successful. In an attempt to improve the conduct of individuals and groups involved in the electoral process, the Fair Campaign Code was written into the Election Law; however, it has never been implemented because a section has been found unconstitutional. Since 1983 a Fair Campaign Code bill has been introduced regularly whose purpose is to remove the section, which had invalidated the Code. The League has lobbied for its passage.