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THE LEAGUE OF WOMEN VOTERS

of New York State

TESTIMONY BEFORE THE NEW YORK STATE SENATE STANDING COMMITTEE ON ELECTIONS

Regarding

CAMPAIGN FINANCE LAW REFORM Albany, New York June 3, 2009

Good morning. My name is Barbara Bartoletti. I am Legislative Director of the League of Women Voters of New York State (League). I want to thank Senator Addabbo and the Senate Standing Committee on Elections for inviting us to this Senate Hearing on Campaign Finance Reform.

The League of Women Voters is a non-partisan political organization working to promote political responsibility through informed and active participation of citizens in government. Effective advocacy has been an important facet of League activity since its founding as an outgrowth of the women's suffrage movement.

The League has been involved with the issue of campaign finance reform since the early seventies and believes that methods of financing political campaigns should ensure the public's right to know, combat corruption, as well as the appearance of corruption, and minimize undue influence, enable candidates to compete more equitably for public office and allow maximum citizen participation in the political process.

The League's advocacy has two tracks: 1) achieve regulatory reforms particularly in campaign finance enforcement; and 2) build support for public financing as the best long-term solution to combat undue influence in the election process.

A little history may be informative here. In the mid 1980's in New York State, a bi-partisan Commission was created under Executive Order 88.1. This bi-partisan commission¹ known as the Commission on Government Integrity chaired by John Ferrick, then Dean of the

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Fordham Law School, examined a number of ethical problems facing the state. In particular, it closely and comprehensively examined New York's campaign finance system. It held hearings, it did research, and it subpoenaed top elected officials to testify. It issued reports. And it found serious interlocking problems in campaign financing in New York State.

The problems documented included:

- Candidates securing huge sums of money to run for office from a tiny minority of voters - less than 3/10 of 1% of New York voters make political donations—and the need to raise money is a constant preoccupation of candidates and officeholders. In off-years, fundraising must be done to discourage potential challengers, a sort of "pre-emptive strike" mentality.²
- The vast majority of contributions come from a small core of contributors with special interests to promote. They give freely to those already in office, those in powerful positions such as the leaders in both houses, the party committees of the majority in the legislature and those seen as likely winners. They do this to ensure access and influence and to protect against adverse action.³
- The existing statutory limits in New York are absurdly high. Wealthy contributors easily dominate the fundraising scene.⁴
- Enforcement in New York State is ineffective and is subservient to the very groups it is meant to police.⁵

Each of these problems contributed to the popular view that big contributions buy influence and access. That was the view of this prestigious bi-partisan commission in 1989. In twenty years little has changed. In 1989 the Commission offered a blueprint for changes that would frame the reforms recommended for years to come. Twenty years later, the New York State Senate has submitted the following bills dealing with problems long ago documented by the Commission:

(1) Clean Elections and Campaign Finance Enforcement Draft Legislation

Part A of this legislation would create within the State Board of Elections, a new campaign finance enforcement office. It would also establish a Campaign Finance Advisory Board and a nomination process for appointing a Campaign Finance Enforcement Officer to head this new office. It would impose increased civil and criminal penalties for violations, allow for random audits of campaign committees and would establish expenditure prohibitions. The League strongly supports this increased enforcement and would urge you to include Part A of this draft into any campaign finance legislation.

² New York State Commission on Government Integrity: The Midas Touch: Campaign Finance Practices of Statewide Officeholders pg. 142

³ Ibid pg. 143

⁴ Ibid pg. 143

⁵ Ibid pg. 143

Part B of this draft is a “clean elections” bill under which candidates qualify for public dollars by collecting a set number of contributions of between \$5 and \$250 from individuals who are registered to vote either statewide or in their legislative districts. The maximum amount of private dollars raised from qualifying contributions is capped, and any money collected that exceeds the cap is turned over to the Public Fund. Candidates must also agree to participate in at least two public debates prior to the primary, and three such debates prior to the general election. The League prefers the partial funding bill that includes a phase-in component discussed below.

(2) Partial Financing - Matching System with “Triggers”

The second public financing draft is a partial public financing bill patterned after the Assembly NYC-style matching system that would include added grants for candidates who are being outspent. This legislation would phase in a “partial,” voluntary public campaign financing system over the next six years, starting with the State Comptroller race in 2010, legislative candidates in 2012, and all statewide races in 2014. We support the phase-in approach to public financing but urge that budgetary concerns are kept in mind as any system of public financing is implemented.

This bill also creates a Division of Campaign Finance and Oversight within the State Board of Elections directed by a Campaign Finance Enforcement Officer and includes a Campaign Finance Advisory Board. The League supports this form of partial public financing but prefers Part A enforcement.

(3) Hybrid Matching System with Grants

This hybrid model takes elements of both of the above-referenced public financing bills. It would allow for “matching” contributions of \$250 or less in the 4-1 match model and would allow candidates who reach certain “matching” contribution thresholds, depending on the office, to access what is call Tier 1 and Tier 2 incentive grants. The League continues to prefer partial public funding with Part A enforcement.

(4) S5565 (Addabbo) Disclosure of Bundling by “Intermediaries”

This legislation requires “bundlers” to report who they have collected contributions from, and on whose behalf. This would be in line with federal disclosure laws and the League strongly supports this legislation.

(5) S5545 (Addabbo) Disclosure of Occupation, Employer and Business Address of Contributors

This legislation also brings added transparency to campaign contributions. Political committees as well as individuals would be required to report the occupation, employer and business address of contributions. Goods and services would also have to be reported as to the amount expended.

(6) S4549-A (Squandron) Lowers Contribution Limits to Candidates and Parties

This bill would dramatically reduce the amount that can be given to candidates and parties. The legislation also bans unlimited contributions to party housekeeping accounts, a League goal for many years. The League supports this legislation.

(7) S5546 (Addabbo) Limits Candidates to One Campaign Committee per Election

Individual candidates would be limited to one political committee per election. Any multiple committees would have to be disbanded by January, 2010. The League supports this bill.

(8) S5277 (Squandron) Closes Multiple LLC Contribution Loophole

In 1994, New York State enacted a limited liability company law allowing for the creation of this new form of business. The state's Election Law did not include a definition of LLC, and the Board of Elections has endowed them with the ability to contribute at the highest level – as if each LLC were a distinct human being. Currently each LLC can give \$150,000 per year in hard money. This legislation closes that loophole. The League strongly supports this legislation.

(9) S4061-B (Schneiderman) Increases Penalties for Campaign Finance Violations

The League supports this legislation although we prefer pairing the increased penalties with strong enforcement in Part A of the Clean Elections Campaign Finance Enforcement Act.

The League's concern with all three public financing drafts is that the expenditure limits are low at \$12 million for the Governor's election, \$6 million for the Attorney General's and Comptroller's elections, \$350,000 for a Senate election and \$150,000 for an Assembly election. These limits we believe will result in the two major parties opting out of these voluntary systems.

The Senate is moving toward changing a system that allows nearly \$100,000 in legal "hard money" campaign contributions to party and legislative committees, that allows unlimited giving to soft money accounts, that allows virtually unfettered use of such campaign contributions for personal spending by incumbents, a system that is so riddled with loopholes and non-existent enforcement that it breeds public cynicism instead of respect in its own government's deliberations. We applaud your effort toward reform.

Campaign finance laws enhance the quality of our democracy by promoting the values of a free society. Without strong safeguards to limit the influence of money in the political process, voter turnout is diminished and the representative character of our democracy is undermined. Public confidence and trust in government is lost. Campaign finance laws restore people's faith in government and help reconnect citizens to the political process. They encourage greater individual involvement in public affairs and produce a more responsive, transparent and accountable government.

Thank you Senators, for this opportunity to contribute to the important discussion on Campaign Finance Reform. The League urges you to negotiate between the houses and with the Governor to come to an agreement this session on comprehensive campaign finance reform.