



**Testimony to the New York City Campaign Finance Board on Rule Changes
Regarding Disclosure, Contributions, Expenditures, Public Funds
Payments, Disclosure of Independent Expenditures, and Various Other
Aspects of the New York City Campaign Finance Program**

June 13, 2019

Good afternoon Chair Schaffer and members of the Campaign Finance Board. My name is Alex Camarda, and I am the Senior Policy Advisor for Reinvent Albany. Reinvent Albany is a government watchdog organization that advocates for open and accountable government. We are part of the leadership of the Fair Elections campaign to establish a public financing program in New York State replicating much of the city's model system.

Reinvent Albany has only selectively reviewed the proposed rules and highlighted provisions we support or are concerned about below. While the CFB made these proposed rules known in a press release on April 18th, 119 pages of rules across 19 chapters is a lot to process. It would have been helpful to have a summary for each chapter of the significant policy changes from existing rules, as many of the changes appear to be clarifications and resequencing of existing rules and practices. CFB summaries are technical descriptions of changes but don't reveal the more significant policy changes.

Reinvent Albany in particular supports these rule changes:

- **We support the new requirement that all candidates attend the required training session on or before the deadline for submission of the 32-day pre-election primary disclosure statement.** The mandatory requirement, which previously only covered participants in the public matching program, should result in better compliance and fewer penalties issued and enforcement actions taken (New Chapter 2-06: Registration and Certification). Candidates and elected officials sometimes complain about the challenges of complying with campaign finance law. They should welcome training that will

enable them to understand it better. Mandatory training is required of all lobbyists in New York State and the same should be true for candidates.

- **We strongly support mandating all candidates use the Candidate Software for Managing and Reporting Transactions (C-SMART) and striking the provision for non-electronic submission of disclosure statements.** We think this important prohibition will facilitate compliance, transparency and enforcement (New Chapter 4-05(a): Records & Reporting).
- **We similarly support mandating Transition and Inauguration Entities (TIEs) monthly disclosure reports be filed in electronic form,** for the same reasons we support the new provision in the rules mandating the electronic filing of reports for candidate filings (New Chapter 13-02(d): Transition and Inauguration Entities (TIEs)).
- **We support clarifying additional prohibitions on contributions already in federal and state law** in Chapter 5-03, specifically:
 - prohibiting candidates from accepting contributions from an individual or entity other than the source of funds (so-called nominee contributions). This is consistent with NYS Election Law 14-120.
 - prohibiting candidates from accepting anonymous contributions.
 - prohibiting contributions from foreign nationals. We support limiting contributions to United States citizens or green card holders.

Reinvent Albany is concerned about and opposes these rule changes:

- **We oppose making earmarked contributions more permissible and believe they are not or should not be legal under NYS Election Law 14-120.** Election law 14-120 requires donations be made in the true name of the donor.¹ A donor should not be earmarking a contribution to a political committee for a candidate. They should be instead required to give the money directly to the candidate. The language proposed by the Board makes earmarking more permissible (New Chapter 5-04(a)(vii)).

¹ NYS Election Law 14-120. "No person shall in any name except his own, directly or indirectly, make a payment or a promise of payment to a candidate or political committee or to any officer or member thereof, or to any person acting under its authority or in its behalf or on behalf of any candidate, nor shall any such committee or any such person or candidate knowingly receive a payment or promise of payment, or enter or cause the same to be entered in the accounts or records of such committee, in any name other than that of the person or persons by whom it is made."

- **We oppose enabling TIEs to anonymize their small contributions and expenditures.** We oppose TIEs not having to itemize contributions \$99 or lower, and not report the name, residential address, employer, occupation and business address, and intermediary if applicable. We similarly oppose TIEs not having to itemize expenditures of less than \$50. We recognize the CFB is trying to harmonize local campaign finance law with New York State campaign finance law, but the reverse should occur. Unitemized contributions and expenditures reduce transparency and elevate the risk for corruption² and, and were the subject of numerous investigations by the 2013 Moreland Commission on Public Corruption into state lawmakers.³ The CFB should not replicate this bad policy (New Chapter 13-02(a) and (b): Transition and Inauguration Entities (TIEs)).
 - **While not proposed as part of the draft rules, we also believe contributions to candidates should always be itemized,** even for contributions of \$99 or less from a single source, and urge the Board to also change existing Chapter 3-03(c)(4),(5) and (6) to that effect. **We also believe expenditures by candidates should always be itemized,** and request the Board change its existing rule allowing for unitemized expenditures of \$50 or less if made with non-public funds (Chapter 3-03(e)(2)).

- **We oppose striking the requirement that candidates report with their disclosure statement a list of all contributions accepted at an event in which the contributions were solicited or accepted for elections regulated by the CFB or not.** This requirement is needed to make more transparent fundraising by lobbyists who may not meet the Board’s definition of an intermediary. Lobbyists who are hosts at a fundraising events of candidates and report their fundraising to the City Clerk’s Office are not always considered intermediaries by the CFB even while their fundraising may be of interest to the public (Striking existing rule 3-03(c)(10)).⁴

² Lou Michel and Robert J. McCarthy. “After Maziarz probe, a question: What happened to campaign funds?”, The Buffalo News. April 1, 2018. Available at: <https://buffalonews.com/2018/04/01/after-maziarz-probe-a-question-what-happened-to-campaign-funds/>

³ The Commission to Investigate Public Corruption. Preliminary Report, p. 11. December 2, 2013. Available at: https://publiccorruption.moreland.ny.gov/sites/default/files/moreland_report_final.pdf and Lentz, John, et. al. “Inside Moreland: Documents Reveal Details of Lawmakers’ Campaign Spending,” *City & State*. May 9, 2014. Available at:

<https://www.cityandstateny.com/articles/politics/new-york-state-articles/inside-moreland-documents.html>

⁴ Fanelli, James. “Firm uses loophole to secretly donate \$60G to de Blasio campaign, lobbying records show,” New York Daily News. September 9, 2017. Available at:

- **We oppose deleting the rule that candidates maintain a list identifying the addresses of their campaign offices.** The location of a candidate's campaign office can be a factor in determining whether the candidate coordinated with an independent spender. We think this information would be important for the CFB to access in making that determination, unless it can be accessed easily through another means (Striking existing rule Chapter 4-01(j)).

Thank you for holding this hearing today. I welcome any questions you may have.