



NEWS RELEASE

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The New Jersey Election Law Enforcement Commission, in a bi-partisan vote, has unanimously endorsed an overhaul of the State's "pay-to-play" laws as part of seven priority recommendations for legislative action.

Under the "pay-to-play" recommendation, the same tight restrictions that apply to state contractors would be extended to county and municipal contractors while providing even more disclosure. Current laws allow municipalities and counties that adopt "fair and open" contracting procedures to exempt local contractors from a \$300 contribution limit that applies to state vendors. Five counties, and 159 municipalities, school boards and authorities, now have their own pay-to-play laws, resulting in a complicated regulatory system.

"Contractors, candidates, treasurers and others find the current system highly confusing," said Jeff Brindle, ELEC's Executive Director. "Commission members of both parties agree that we need to simplify and standardize it."

As part of this recommendation, the Commission would like to lower from \$50,000 to \$17,500 the threshold that dictates which contractors must file annual disclosure reports. The \$17,500 figure is the cutoff already used to determine if "pay-to-play" laws apply to a particular business entity.

The Commission also approved the following additional recommendations:

- Non-profit groups organized under section 527 of the IRS code that are involved in New Jersey elections should be required to fully disclose their campaign activities prior to the election.

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- Contributions between county political party committees should be limited to avoid circumvention of contribution limits that can occur through the practice of “wheeling” during general elections.
- Lobbyists employed by government agencies should be required to disclose their clients, activities, and fees.
- Lobbyists employed by contractors to obtain business from local governmental entities should be required to disclose their clients, activities, and fees.
- Personal financial disclosure statements of candidates should be disclosed on ELEC’s website. Also, instead of having two separate filing dates, candidates should file in mid-May at the same time incumbent legislators file their disclosure forms. This will reduce confusion and improve efficiency.
- Finally, the Commission wants to stop the proliferation of multiple, affiliated political action committees, which can be used to circumvent donation limits. It would tighten PAC registration standards.

The most sweeping recommendation pertains to the “pay-to-play” laws, which are intended to curb the influence of public contractors over state, county and local elections. Under the laws, state contractors are prohibited from contributing more than \$300 to gubernatorial candidates, state political party committees, county political party committees, and legislative leadership committees. Firms that exceed this limit must refund the excess donations within a short time period or relinquish their contracts for four years.

Local contractors are subject to similar restrictions unless their municipality adopts a “fair and open process” for awarding contracts. This means contracts must be publicly advertised and local officials must openly solicit bids under pre-established criteria. In municipalities with “fair and open” contract procedures, public contractors are subject to the same contribution limits as other donors, which are more generous than the \$300 cap.

Extending state restrictions to local contractors would tighten contribution limits, make the “pay-to-play” law stronger, and create a more uniform system. A 2006 law enabled all 21 counties, 566 municipalities, 616 boards of education, and 186 fire districts to enact their own rules.

Brindle said the Legislature also might give consideration to increasing the current \$300 contribution limit to a slightly higher figure if the stricter state standards are applied to county and municipal contracts. “Even if the donation limit is raised to, perhaps, \$1,000, it would be well below contribution limits that apply to other donors,” Brindle said.

Due to the “fair and open” exemption, contractor donations last year in New Jersey actually averaged slightly more than \$1,000 despite the \$300 limit on state contractors. “A slightly higher donation limit seems to be a small tradeoff to make in order to move to a system that is more streamlined and provides more disclosure.”

Commission members strongly favor greater limitations on contributions from business entities that might benefit from their political connections. However, while viewing this as an important public purpose, the Commission also recognizes that candidates have a legitimate need to raise funds for their campaigns.

A recent ELEC analysis of four years of contribution data under the “pay-to-play” laws showed contractor donations fell 29 percent to \$10.7 million between 2006 and 2009. The number of business entities that filed annually with the Commission dropped 21 percent to 1,820 during the same period. Many contractors have simply stopped making donations in New Jersey.

The seven priority legislative recommendations are contained within the ELEC’s 2009 Annual Report released today and is available at the Commission’s website (www.elec.state.nj.us).

ELEC has made recommendations for improvements to campaign finance and lobbying laws since at least 1982. Numerous recommendations have been adopted, including statewide contribution limits, disclosure of executive branch and grassroots lobbying, and inflation indexing for contribution limits.

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