ACKNOWLEDGMENT AND STATEMENT OF PURPOSE

The Commission is delighted to thank the staff members who prepared this study. Deputy Director Brindle was the author. His hard work and expertise are evident throughout the report. Research Intern Steven B. Kimmelman helped with the research, while Acting Director of Compliance and Information Virginia Wilkes provided technical assistance and Director of Administration Barbra Fasanella acted as a proofreader. Legal Director Nagy also served as a proofreader and made numerous helpful suggestions as well. Director of Compliance and Information Evelyn Ford contributed some important ideas as did Executive Director Herrmann, who edited the manuscript. Wordprocessing was done by Executive Secretary Josephine A. Hall.

This paper is part of a series of analyses that the New Jersey Election Law Enforcement Commission (ELEC) is publishing on topics of interest in the field of Public disclosure. These studies are based on staff research as well as work by outside persons such as University professors and graduate students. Analyses written by external sources are published with a disclaimer. It is ELEC’s goal to contribute substantive research for the ongoing debate on improving the way our State regulates the impact of money on its political process. The Commission is not necessarily taking a formal position on any of the issues raised and is presuming this paper to promote formal discussion.
# TABLE OF CONTENTS

**INTRODUCTION**  
1

**PART I - ELEC INDEPENDENCE**

- ELEC's Independent Status  
 4

**PART II - ELEC JURISDICTION**

- The Campaign Contributions and Expenditures Reporting Act  
 22

- Personal Financial Disclosure Act  
 58

- Legislative Activities Disclosure Act  
 63

- Conclusion  
 70
INTRODUCTION

In 1973, the Legislature established the Election Law Enforcement Commission as an independent agency with broad jurisdictional scope. By investing the Commission with a statutory-based autonomy and by granting it significant regulatory powers, including the ability to prosecute violators, the Legislature infused the agency with immediate credibility and paved the way for it to gain an international reputation for effectiveness.

The Commission's jurisdiction extends to campaign financial, personal financial, and lobbyist financial disclosure regulation. The Commission administers the gubernatorial public financing program and has civil authority to prosecute violators of the various Acts under its jurisdiction. To its credit, the Legislature enacted one of the most comprehensive and extensive set of disclosure laws in the nation, made all the more viable by the establishment of an agency which can independently enforce them.

This paper will review the Commission's independent status and the laws under its jurisdiction. It will recommend ways to strengthen the Commission's autonomy and both narrow and expand its jurisdictional scope. It will also suggest ways to modify various provisions in the laws to ease the difficulty of reporting, to ease the administrative burden on ELEC, and to insure that meaningful information is made available to the public.
The first part of this paper explores the independent status of the Commission. It discusses how the Commission's independence and integrity is inherent in the statute and how it has been further institutionalized through tradition and a strict adherence to an internal Code of Ethics for Commissioners and employees. Further, this section makes recommendations as to how to strengthen the Commission's independence and further insulate the Commissioners against the influences of partisan politics.

The second part of the paper examines the Commission's jurisdictional scope through an in-depth review of the three laws under the aegis of the Commission. The survey includes the "Campaign Contributions and Expenditures Reporting Act," the "Personal Financial Disclosure Act," and the "Legislative Activities Disclosure Act."

The review of the "Campaign Contributions and Expenditures Reporting Act" includes a summary of the responsibilities of the filing entities subject to the Act and a discussion of the manner in which the Act should be amended to reduce in some cases the Commission's jurisdictional scope and to expand it in others. It also suggests ways to modify the law to ease the burden on filers, particularly those candidates and committees that spend little money, and to lighten the administrative distress of the Commission at a time of arrant budget restraint. The suggestions that are made have been done so with the above administrative considerations in mind as well as an eye toward insuring meaningful disclosure.
The review of the "Personal Financial Disclosure Act" surveys the requirements of the law as it applies to candidates for the Office of Governor, State Senator, and member of General Assembly. It discusses how only sources of earned and unearned income, gifts, honorariums and reimbursements, etc., are reportable. As part of this discussion, the paper suggests ways to make personal financial disclosure by candidates more meaningful through requiring amounts received in earned and unearned income, gifts, honoraria and reimbursements to be more fully disclosed.

Finally, the paper reviews the "Legislative Activities Disclosure Act," not only delineating the provisions of this law but focusing upon the dual jurisdiction over it shared by the Commission and the Attorney General. It reviews the merits of transferring jurisdiction to ELEC solely, a change that is supported by the Commission and Attorney General as well.

The Election Law Enforcement Commission has been aided by a statutory and tradition-based autonomy. It has also been invested with broad regulatory authority that extends to candidates at all levels of government, political committees, political party committees, PACs, other continuing political committees, and lobbyists. This paper seeks to insure that the Commission's core independence continues to be protected and that its enabling statutes continue to evolve so that its very viability is insured.
PART I

ELEC INDEPENDENCE
ELEC'S INDEPENDENT STATUS

Commission Autonomy is Legislature's Intent

In its wisdom, the Legislature wrote into the "Campaign Contributions and Expenditures Reporting Act," which established the Commission, the following provision:

There is hereby created a Commission consisting of four members which shall be designated as the New Jersey Election Law Enforcement Commission. No more than two members shall belong to the same political party, and no person holding a public office or an office in any political party shall be eligible for appointment to the Commission. For the purpose of complying with the provisions of Article V, Section IV, Paragraph 1 of the New Jersey Constitution, the Election Law Enforcement Commission is hereby allocated within the Department of Law and Public Safety, but, notwithstanding said allocation, the Commission shall be independent of any supervision or control by the department or by any board or officer thereof, it being the intention of this Act that the assignment, direction, discipline, and supervision of all employees of the Commission shall be so far as possible, and except as otherwise provided in this Act, fully determined by the Commission or by such officers and employees thereof to whom the Commission may delegate the powers of such assignment, direction, discipline, and supervision.¹
In the very next section of the law, the Legislature added the proviso:

The Commission shall appoint a full-time executive director, legal counsel and hearing officers, all of whom shall serve at the pleasure of the Commission and shall not have tenure by reason of the provisions of Chapter 16 of Title 38 of the Revised Statutes. The Commission shall also appoint such other employees as are necessary to carry out the purposes of this Act.

The Legislature, in these two sections of the "Campaign Contributions and Expenditures Reporting Act," set forth clearly and unequivocally its intention to create an agency to oversee the campaign financial aspects of the electoral system that would be independent and free from the influence of any political party.

Statute Insulates Commission from Politics

The Legislature, through the Campaign Act, sought to accomplish the goal of an independent Commission in two ways. First, it established a four-member Commission whereon not more than two members from one political party could serve. Moreover, the Legislature prohibited any person who holds a public office, or an office within a political party, from serving on the Commission. As a practical matter, ELEC has evolved into a bi-partisan Commission with two Republican members and two Democratic members, all appointed by the Governor, with the advice and consent of the Senate,
for three-year staggered terms. Although there is no precedent in the Commission's history, the statute, nevertheless, does permit individuals to be appointed to the Commission who are not members of a political party; the Republican and Democratic parties alone in New Jersey qualifying as bonafide parties (regularly receiving ten percent of the vote in elections for General Assembly).  

The second way in which the Legislature made clear its intention to insulate the Commission from politics was to make ELEC independent of any department, board, or office. In addition to stating explicitly that the Commission shall be independent, the Legislature invested sole authority over personnel matters in the Commission. Through these provisions, the Legislature further neutralized the Commission and protected it against political interference by the executive branch of government; departments being run by the Republican or Democratic administration that happens to control the Governor's Office. Moreover, because the Commission, for constitutional reasons, is placed within the executive branch of government, ELEC is also free from interference from either House of the Legislature.
Tradition of Independence Evolves Through Four Gubernatorial Administrations

The high public purpose of the "Campaign Contributions and Expenditures Reporting Act" to create an independent, politically immune agency has been furthered through a healthy respect for the independent status of the Commission displayed by successive governors.

Created during the period of the Watergate scandals of the early 1970's, the Commission has existed through three gubernatorial administrations and into a fourth. Each administration, whether Republican or Democratic, has respected the unique place the Commission holds within the electoral system and has refrained from any interference whatsoever in the operations of ELEC. This respect for the Commission's independence and integrity has contributed to ELEC's credibility as a truly bi-partisan, fair and non-politicized electoral watchdog. It has also enabled the Commission to more easily perform its very important functions in a fair and unbiased manner.

Independent Status Strengthened by Commission's Code of Ethics

Beyond this tradition of autonomy scrupulously observed by successive governors, the Commission itself has contributed to its own credibility as a non-political electoral regulatory agency through the adoption of a stringent Code of Ethics.
Adopted February 14, 1984, and amended July 20, 1988, the Code's Statement of Purpose sets forth:

The New Jersey Election Law Enforcement Commission is charged with the administration and enforcement of the provisions, among others, of laws providing for public disclosure of campaign contributions and expenditures, and providing for public financing of the elections for the Office of Governor. It is important that the work of the Commissioners and of staff of the Commission be, and be publicly perceived to be, free from partisan influence and from conflicts of interests.  

To carry out this purpose, the Code of Ethics strictly prohibits political activity by Commissioners or Commission employees. For instance, Commissioners and staff are prohibited from holding any office in a political organization or making speeches on behalf of a political organization or candidate. Moreover, Commissioners and staff are not allowed to attend partisan political functions or have their homes used for a political meeting. They are not permitted to make political contributions while associated with the Commission.  

Commissioners and staff are also subject to employment restrictions which are designed to prevent conflicts of interest and party activity and promote the politically neutral tradition of the Commission.  Essentially, these provisions of the Code of Ethics guard against any Commissioner or member of the staff having any business or employment interest in any activity over which the Commission has regulatory authority. It prohibits
the use of an official position at ELEC for the purpose of acquiring privileges or advantages, prevents Commissioners or staff from taking action in any manner "wherein he or she has a direct or indirect personal financial interest that might ... impair his or her objectivity and independence of judgment in the exercise of his or her official duties," and prohibits the acceptance of "any gift, favor, service, employment or offer of employment or any other thing of value which he or she knows or has reason to believe is offered [as an] influence ____".

A survey conducted by the staff of the Commission in 1988 suggests that compared with other agencies with similar responsibilities, ELEC's internally generated Code of Ethics may be the strictest among such agencies in the nation. Certainly, among the eleven sister agencies surveyed, including the Federal Elections Commission (FEC), the ELEC Code was the most stringent. Among the agencies included in the survey were the California Fair Political Practices Commission, the Illinois State Board of Elections, and the Washington State Public Disclosure Commission.

Commissioners of the Election Law Enforcement Commission are not permitted to attend partisan events, whether for non-federal candidates under their regulatory jurisdiction or for federal candidates not under their jurisdiction. Moreover, they are not allowed to attend events in behalf of federal or non-federal political parties.
These restrictions on attendance at political events are tougher than the norm. In eight of the eleven agencies surveyed, for example, Commissioners can attend partisan events, and in the remaining three agencies only the FEC has imposed a total ban on attendance.

In the area of contributions to State and local candidates and other political entities, the Commission, which has imposed a total ban on these contributions from Commission members and employees, is similar in its rules to those of most other agencies regarding contributions to regulated candidates and political entities. There are, however, three out of the eleven agencies surveyed that do permit these contributions. The FEC is among those agencies that permit contributions to candidates, even to the federal candidates and parties it regulates.

Finally, with respect to staff political activity, the Commission's Code of Ethics is extremely tough. Staff cannot attend political events, federal or non-federal, or make any contributions to candidates or political entities, federal or non-federal. Because Commission members are allowed to contribute to federal candidates and political entities not regulated by them, staff's strictures are even more stringent than the very tough standards placed on the Commissioners themselves.

In conclusion, through statute, which mandates that the Commission should be independent and free from any partisan control or influence; through tradition, which has witnessed four gubernatorial administrations
respect the principle of non-interference in the Commission's internal affairs; and, through the Commission's own Code of Ethics; New Jersey's watchdog over campaign financial activities has achieved a level of credibility unsurpassed nationally and internationally as well. Having, through an evolutionary process, maintained and strengthened its integrity, the Election Law Enforcement Commission has gained the respect and trust of the citizenry it was created to serve.

ELEC - A Symbol of Open Government

The Election Law Enforcement Commission is a visible symbol of open government in New Jersey. Through its regulation of the financial aspects of campaigns in New Jersey, including the disclosure of that activity, its regulation of political parties and committees, and of political action committees (PACs) and lobbyists, the Commission is at center stage in the effort to make government and government officials more open and accountable to the public. Moreover, its competent and fair administration of the gubernatorial public financing program has instilled a measure of confidence in the gubernatorial electoral process that is essential to democracy in the State.

Unquestionably, the legal and practical underpinnings of an independent watchdog over campaign spending activity and the observance of a tradition of non-partisan behavior by Commissioners and staff have
contributed greatly to ELEC's position of credibility among those it regulates and among the public it serves. Absent this credibility, there would be no reason for such an agency to exist.

The Argument for an Independent Agency

Testifying before a Commission charged with responsibility for recommending campaign finance reform and regulation in New York State, Frank P. Reiche, former Chairman of the FEC and of ELEC, addressed the question of independent ethics agencies quite extensively. Noting the New Jersey experience specifically, Mr. Reiche commented:

There nevertheless are a number of states, New Jersey being one, in which the party obligations of campaign finance Commissioners are virtually non-existent. Under such circumstances, there is a more non-partisan, as opposed to bi-partisan approach. While it would be naive to suggest that this is a prevalent trend, the more successful and well accepted campaign finance agencies in the country are frequently those where partisan influence is at a minimum. 10

Speaking in a more philosophical vein, Mr. Reiche continued:

While it has been suggested by at least one study Commission that their responsibility for regulating campaign finance activity in New York be assigned to the State Board of Elections, this writer would strongly urge the Commission to establish a separate and independent
agency for this purpose. Properly structured and properly monitored, such a Commission with undivided responsibilities has an excellent opportunity to foster the public credibility that is essential to the successful administration and enforcement of campaign finance laws.\footnote{11}

Finally, in his concluding remarks, Mr. Reiche testified:

... as noted above, credibility is the key to the success of a campaign finance Commission. Once such credibility is impaired or lost, the Commission will suffer accordingly.

The undersigned recommends that the Commission consider the creation of a truly independent campaign finance agency ..., an attempt should be made to promote a common recognition by candidates, political parties, political committees, politicians and the public that there is no place for hardball partisan politics in the area of campaign finance. Instead, the integrity of the process must be accorded a priority superior to that of all others.\footnote{12}

Beyond the fact that it is important, from a credibility standpoint, for a Commission like ELEC to be perceived as independent and non-partisan, there are real and substantive reasons for the agency to maintain this position; namely, the Commission has the responsibility to enhance compliance with the disclosure laws and to prosecute those who violate them. Obviously, with this responsibility in hand, there can be no bias exhibited when attempting to foster compliance with campaign financing
laws or when prosecuting individuals or committees that violate them. In New Jersey, where the tradition of non-partisanship prevails on the Commission, and where its statutory based independence has been respected by every gubernatorial administration since its founding, the public belief that the Commission will enforce the laws in a fair manner is strong.

Imagine, however, circumstances under which the integrity of the Commission is not honored by a Governor or the Legislature. The potential for abuse would be enormous. For example, suppose staff hirings were to be influenced by the Governor, resulting in only employees from one political party or the other being hired; hired knowing that they were beholden to the Governor and the political party to which he or she belongs. Certainly, under this scenario, the enforcement powers of the Commission would be greatly compromised. It would be eminently possible for Democratic candidates, for example, to be targeted for prosecution to a greater extent than Republicans if the staff were Republican, or vice versa if the staff were comprised of employees belonging to only the Democratic party.

In the area of compliance, the potential for showing favoritism to one party or the other in responding to requests for information, would be heightened. Likewise, efforts to assist candidates in complying with the law might well be unbalanced if the Commission were politicized and its independence not respected.
The integrity of the gubernatorial public financing program could be undermined by a partisan Commission and staff. Every four years public dollars are dispensed to qualified candidates of both political parties to better enable them to conduct effective campaigns for Governor and to undercut the influence of major contributors over the gubernatorial election process. The potential for abuse relative to penalizing candidates of one party or other by taking certain actions against them or delaying their receipt of their public money, thereby adversely affecting their campaign efforts, would be increased in a Commission stacked with members from one party or the other.

Finally, issue positions, regulations, and advisory opinions of the Commission could be arrived at unfairly and in a partisan way if it were not for the statutory and tradition-based independence of the Commission. Indeed, policies and policy positions would be inspired by partisan considerations and not by the more laudatory consideration of what is in the public interest.

Fortunately, none of the scenarios mentioned above has ever occurred, or, it is safe to say, had the potential for occurring in New Jersey. The Election Law Enforcement Commission has been beyond reproach in its treatment of campaign finance and lobbyist regulation. Principally, its solid record of fairness and neutrality is a testament to its independent status and conduct throughout the years. It is also a testament to the
deference paid to its need for autonomy by successive Governors and Legislatures alike.

The need for an election finance watchdog that is autonomous is abundantly clear. In New Jersey, the public has an agency that has fulfilled this objective. Thanks to a thoughtful and visionary Legislature that created a watchdog agency free from partisan influence, a tradition of independence respected by four Governors, and the high moral tone set by the individuals serving the Commission, ELEC has become a model ethics agency that enjoys the full confidence of the citizenry. The public knows it will do its job in a fair and non-partisan way.

Strengthening ELEC's Independence

Despite the strong record of independence and bi-partisan neutrality of the Commission displayed throughout the years, there is no room for complacency. While there is every reason to believe that future governors and Legislatures will continue to respect the integrity of the Commission, further statutory protection of its autonomy, nevertheless, is desirable. The more that the statutory-based independence is enhanced, the greater insurance against the loss of agency credibility and public confidence in the electoral system.

The Election Law Enforcement Commission believes that several steps should be considered to enhance its independence and strengthen its
statutory autonomy. Undertaking such steps would infuse the Commission with even greater credibility and contribute substantially to the trust that future electorates have in New Jersey's system of elections.

Terms of Commission Should Be Lengthened

First, the terms of Commission members might be lengthened to six years from the current three-year terms. Six-year terms for Commissioners, staggered so that no two Commissioners have identical terms, would not only further insulate these individuals from any partisan pressures but would also insure that individuals appointed to the Commission would have the time to acquire the necessary expertise to deal with an increasingly complex array of campaign finance and lobbying issues. A six-year term would improve the prospect for the Commission to have part of its membership serve through two gubernatorial elections, thereby insuring that an experienced Commission administers the gubernatorial public financing program in each gubernatorial election. Under the current three-year term arrangement, it is possible for the entire membership of the Commission to be without any personal experience in overseeing the program. The six-year term would mirror the Federal Election Commission.
Commissioners Should Be Paid On A Salary Basis

A second change for consideration that would further the independence of the Commission, and, at the same time, insure that quality persons continue to serve on it, involves the compensation of the members of the Commission. At present, Commissioners' expenses are defrayed on a per diem basis. With the ever-increasing complexity of campaign finance matters requiring a greater time commitment from the Commissioners, and the desire that Commission membership should be open to persons without regard to personal wealth a clear objective, it is important that Commissioners be compensated on a salaried basis, with State benefits, as opposed to the per diem basis, the level of which is artificially low. To be sure, such a change would contribute to the autonomy of the Commission by insuring that the best persons continue to serve on the Commission.

Alternate Funding Plan Should Be Enacted

The final change thought to contain real potential for further solidifying the autonomy of the Commission concerns the funding of the Commission. At present, the Commission is funded through the normal appropriations process.

As a result of the Commission's independent standing in the law, ELEC plans and administers its own budget. The Commission submits its own planning documents and makes its own case for additional monies. Though
subject, as it should be, to State guidelines and approvals on spending its money, the Commission, as much as any other department or agency in State government, has control over how it chooses to spend the taxpayers dollars. In a word, though for constitutional reasons, the Commission is organizationally placed within the Department of Law and Public Safety, the department does not negotiate on behalf of the Commission or in any way involve itself with its administration.

Commission autonomy over budgetary matters, however, ends at the points mentioned above. Because the Commission's funding levels are part of the Governor's budget proposal, the Governor has the final say on the appropriation to be recommended to the Legislature for the Commission. Beyond that, the Legislature, which can reduce or increase the Commission's budget, has control over the Commission's final appropriation, except that the Governor may line item veto increases in appropriations. In a phrase, both the Governor and members of the Legislature, all of whom as candidates are regulated by the Commission, have ultimate control over ELEC's budget. Though historically this situation has never constituted a problem because Governors and Legislators have honored the Commission's independence and bi-partisan neutrality, the potential for abuse in this area is ever present. It is possible that some future Governor or Legislature could use the appropriations process to attempt to influence the Commission in some partisan fashion. While the Commission does not foresee this happening, it recognizes that the potential is always present.
To assure that such an eventuality never occurs, the Commission might be constitutionally or statutorily guaranteed a base budget to be adjusted for inflation in each succeeding year. In the event that campaign finance or lobbying laws are amended, adding costs to the Commission's budget, the guaranteed base budget would be changed to reflect the Commission's increased responsibilities. Moreover, the Commission should be permitted to charge filing fees to offset the cost to taxpayers of supporting its operations.

Such a budget approach to ELEC, which would be similar to that of California wherein the Fair Campaign Practices Commission is guaranteed a base budget, would remove the Commission from the normal State appropriations process and take it out from under the fiscal control of the people it regulates.

As noted in ELEC's White Paper Number Four:

The integrity of the Commission has never been interfered with, nor have there been any attempts to tamper with its budget. Indeed, since its inception, the Commission has always been grateful for the Governor and Legislature's support of its operations and respect for its role. Yet the potential and appearance are always there, suggesting that a Commission budget independent of the appropriations process is in the long-term interest of the voters.
Conclusion

In conclusion, New Jersey's answer to regulating the campaign financial aspects of campaigns and the financial aspects of the lobbying profession has been to create an agency with statutorily built-in independence and bi-partisanship. The statutory measure of independence has been added to by tradition, which includes respect for the work of the Commission by Governors and Legislatures alike, and a strict, internally imposed, code of ethics on Commissioners and staff. This systematic independence has infused the Commission with a credibility that is in the best interest of the voters. Any proposals, such as the ones noted above, which advance the Commission's autonomy are worthy of consideration and consistent with the positive goals of open and honest government.
PART II

ELEC JURISDICTION
THE CAMPAIGN CONTRIBUTIONS AND EXPENDITURES REPORTING ACT

All Candidates Are Subject to Filing

The "Campaign Contributions and Expenditures Reporting Act" requires candidates for governor, state legislature, county and municipal offices, school boards, and special elections to file a series of financial disclosure reports with the Commission. In the case of candidates participating in county and municipal elections, these local candidates must file duplicate reports with the county clerk. Moreover, candidates for the Legislature must file a duplicate copy with the county clerk in the county in which they reside. Gubernatorial candidates, on the other hand, need file with the Election Law Enforcement Commission only.

Candidates at all levels participating in primary and general elections are required to file detailed reports of contributions and expenditures if they spend more than $2,000 in any given election. If candidates join with other candidates to form multi-candidate committees, these committees are required to file when they spend more than $4,000. Candidates or multi-candidate committees that do not spend these respective amounts are permitted to file short forms with the Commission attesting to that fact.

Under the law, primary and general elections are considered separate elections. Therefore, candidates and multi-candidate committees involved in
these elections are required to submit separate sets of reports for each. These reports provide details of their financial activity relative to either the primary or general election. The law stresses pre-election disclosure; therefore, candidates and multi-candidate committees are required to file a 29-day and 11-day pre-election report. Reports are due on these dates prior to both the primary and general elections. Following the primary and general election dates, these entities are required to file 20-day post-election reports and then every 60 days thereafter until the accounts are finalized.

Candidates in non-partisan May municipal elections and special elections have the same reporting requirements and schedules as do candidates participating in primary and general elections. Candidates must adhere to the single candidate or multi-candidate committee thresholds noted above in determining whether they file short forms or detailed reports, and must file 29 and 11-days before election, 20 days after it, and every 60 days thereafter until their reports are finalized.

Candidates for school board must similarly adhere to exactly the same requirements and reporting schedule, except that these candidates need not report at all if their financial activity does not exceed $2,000.

All candidates and multi-candidate committees, participating in gubernatorial, legislative, local, or school board elections and filing detailed reports with ELEC, must disclose the identity of contributors
making contributions in excess of $100 and must provide detail on expenditures. Only the total amount in contributions of $100 or less must be reported. Moreover, any contribution of more than $250 that comes in between the last day of the period for reporting 11-day pre-election activity and election day has to be reported to ELEC within 48 hours of receipt. Detailed expenditure information must also be included. In a word, the detailed reports disclose total receipts and expenditure information for the reporting period in question and cumulative totals for the election in question.14

Regarding violations of the law by these candidates or multi-candidate committees, the Commission has the authority to impose civil penalties ranging to up to $1,000 for a first offense and $2,000 for a second or subsequent offense.15

Political Committees Must File

Political committees are groups comprised of two or more persons that are established for the purpose of participating in a specific election or elections. These committees, separate and distinct from candidate-connected committees, are established to participate in a primary election, general election, May non-partisan municipal election, school board election, or special election.
In order for a group of two or more persons to incur a filing responsibility as a political committee, it must raise or expend $1,000 for the purpose of supporting or opposing candidates or $2,500 for the purpose of supporting or opposing public questions. These groups do not have to report to the Commission if they do not raise or spend this amount.

A political committee which is not the designated committee of a candidate, or group of candidates, but which, in coordination with a candidate or candidates, raises or spends money on behalf of those entities, must have its activity reported as a contribution by the benefitting candidate or candidates. In the case of a political committee acting independently of a candidate or group of candidates, but which spends money on behalf of those entities, the independent committee must notify the candidate or candidates of the expenditure and the candidate or candidates may choose to accept it as a contribution, and report, or not. In either case, the political committee must report on the campaign schedule to the Commission.

Political committees reporting to ELEC must report receipt and expenditure information both in summary and detail form. Total receipts and expenditures for the reporting period as well as cumulative totals for the election must be disclosed. Moreover, disbursements must be disclosed as well as the names of contributors donating in excess of $100 to the committee. In addition, 48-hour notices on contributions of more than $250 are required of political committees
in preelection periods. These contributions are to be reported to the Commission within 48-hours of receipt when they are received between the 13th day prior to election day and election day (the period commencing at the cut-off for the 11-day report).

Political committees report on an election cycle, 29 and 11 days before an election, 20 days after an election, and every 60 days thereafter until the report is finalized. As with candidate-connected committees, ELEC's jurisdiction extends to both statewide and local political committees. In other words political committees that are established to support a local public question or a local candidate must report to ELEC just as political committees that are formed to support statewide questions and candidates are required to do.16

Again, regarding violations of the law by political committees or continuing political committees or continuing political committees, the Commission has the authority to impose civil penalties ranging up to $1,000 for a first offense and $2,000 for a second or subsequent offense.17

Continuing Political Committees Must File

Continuing political committees (CPC's), like political committees, are groups comprised of two or more individuals that raise and spend money for political purposes. Unlike political committees, however, continuing political committees are ongoing in nature. They plan to participate in the
electoral process for two or more successive elections. The continuing political committee category includes political action committees (PACs), political clubs; and the State, county, and municipal party committees.

Continuing political committees are required to provide detailed reports to the Commission when they raise and spend more than $2,500 in one calendar year. A continuing political committee that does not expect to raise and spend more than $2,500 in any given year may file a short form attesting to that fact in January of that year.

When the detailed reporting threshold is exceeded, CPC's file on a quarterly basis, April 15, July 15, October 15, and January 15. These quarterly reports contain receipt and expenditure information in summary and detail form. Total receipts and expenditures for the quarter as well as cumulative totals for the year must be disclosed.

Continuing political committees must report their disbursements and they must identify contributors donating in excess of $100. The total of all contributions of $100 or less must be disclosed, and 48-hour notices on contributions are required of continuing political committees in the preelection period when they are involved in an election. In the case of CPC's filing 48-hour notices, they are required to file them on contributions of $250 or more when the contributions are received after the final day of a quarterly reporting period and prior to the election day in question.
Similar to candidate-connected committees and political committees, it does not matter whether the CPC is local or Statewide in orientation - they are all required to report. In the same way, ELEC has the authority to impose civil penalties ranging up to $1,000 for a first offense and $2,000 for a second or subsequent offense when these CPC's are found to be in violation of the law.  19

Essentially, there are several entities that are required to file with the Election Law Enforcement Commission under the Campaign Act. These are: candidates, candidate-connected multi-candidate committees, political committees, and continuing political committees, which include PACs and parties. Moreover, these entities are required to file whether they are municipal, county, or statewide in nature and whether they spend a great deal of money or the minimal threshold amount.

**Gubernatorial Public Financing Program**

The Campaign Act also gives ELEC jurisdiction over administering the gubernatorial public financing program and over enforcing its provisions. In the general election of 1977, the first public dollars were distributed to qualified candidates for Governor. Since that time, the program, which has been extended to gubernatorial primary elections as well as general elections, has distributed $32.3 million to qualified candidates for Governor through four gubernatorial election cycles.  20
The Campaign Act states:

It is hereby declared to be a compelling public interest and to be the policy of this State that primary and general election campaign for the Office of Governor shall be financed with public support pursuant to the provisions of this Act. It is the intention of this Act that such financing be adequate in amount so that candidates for election to the Office of Governor may conduct their campaigns free from improper influence and so that persons of limited financial means may seek election to the State's highest office. 21

Public financing of gubernatorial campaigns has been a success. Through the realization of the twin goals of the program, to free campaigns from the appearance if not reality of improper influence and to permit persons of limited means to run for governor, the program has helped to shore up public confidence in gubernatorial electoral contests.

The provisions of the program include a qualifying threshold, contribution and expenditure limits, a public funds cap, a private/public funds matching ratio, and aggregate county and municipal party expenditure limitations. The law also places limits on the use of a gubernatorial candidate's personal funds and loans. There is a requirement that participating candidates participate in at least two television debates and a provision that requires the various limits and thresholds to be adjusted for inflation every four years.
In order for a candidate to qualify for public funds, he or she must raise a minimum of $150,000 in eligible contributions. After a candidate exceeds that threshold and is qualified to receive public funds, he or she receives two public dollars for every one private dollar raised after the first $50,000.

The law provides for a $1,500 contribution limit to candidates for Governor. A contributor can give up to a $1,500 contribution to a candidate in the primary and another $1,500 contribution to that same candidate in the general election.

The public financing law contains a public funds cap in the primary of $1.35 million and in the general of $3.3 million. It requires gubernatorial candidates receiving public funds to adhere to a $2.2 million expenditure in the primary and a $5 million one in the general. Loans in the aggregate of up to $50,000 can be borrowed in each election but must be repaid in full prior to the primary or general election for which the loan was made. No individual or committee, except for the candidate or the State party committee, may guarantee a loan of more than $1,500. Finally, candidates cannot spend more than $50,000 of their own funds in the primary or in the general election.

The State party committees are subject to the same contribution limits as most other contributors. While they cannot participate in the primary election they can contribute $1,500 to their candidate in the
general election. County and municipal parties throughout the State are
permitted to spend up to $200,000 in behalf of the candidate of their party.

In addition to these provisions, the law provides guidelines for expenditure of public funds. Public funds, which are contained in a separate bank account from private funds, can be used for radio or television advertisements, outdoor advertising, print media advertising, direct mail, advertisement production costs, legal and accounting services, and telephone costs.

The public financing statute requires primary gubernatorial candidates accepting public funds to participate in two televised debates. General election candidates receiving public funds also must participate in two televised debates. The law gives the Commission responsibility for selecting sponsors and provides guidelines for doing so.

Finally, the law requires that the Commission adjust the various thresholds and limits every four years for inflation. The limits are to be adjusted by a unique campaign cost index developed by the Commission and incorporated into the law.

Candidates for the Office of the Governor, in addition to the submissions for public funds required of public financing participants, are subject to disclosure rules similar to other candidates. They are required to file reports 29 and 11 days before election and 20 days after election.
These candidates are also required to file every 60 days following the 20-day postelection report until the report is finalized.

As with all other candidates, gubernatorial candidates are subject to enforcement proceedings by the Commission and can be fined for infractions of the law.\textsuperscript{22}

Easing the Burdens on Local Filers

As noted above, ELEC has broad jurisdiction in the area of campaign finance regulation. The comprehensive Campaign Act extends the Commission's regulatory authority beyond elections at the State level to elections at the local level as well. It grants the Commission oversight over candidates and a variety of politically-oriented committees, be they political committees, PACs, parties, or political clubs. Finally, it authorizes a reporting schedule that requires detailed reports from thousands of entities exceeding spending thresholds.

While ELEC believes activity at the local level of electoral politics is significant and that it ought to be reported, the Commission has always attempted to ease the burden on local entities of reporting their sometimes meager financial activity. It believes that beyond improvements in compliance efforts on its part, such as telephone assistance, and, when its budget permits, a reaching out to candidates and other filing entities through educational programs, attempts at easing the burden on filers in
local settings can be facilitated through changes in ELEC's jurisdiction, changes in schedules for reporting, and changes in reporting thresholds.

Local Reporting System For School Board Candidates

The Campaign Act defines a candidate as "an individual seeking or having sought election to a public office of the State, or of a county, municipality or school district at an election; except that the term shall not include an individual seeking party office." \(^{23}\)

In terms of candidates for school board, ELEC believes that its jurisdiction over these candidates could be statutorily abolished and a local reporting system put in its place with no loss of disclosure. Candidates for school board could be required to submit reports of their financial activity to some local authority, such as the county clerk (they currently file duplicate copies with the county clerk), the municipal clerk, or the school board secretary. With this requirement satisfied, there would be no reason to file with a State agency such as the Commission.

The statute calls for only those school board candidates who spend more than $2,000 in an election to file with the Commission. Those candidates spending $2,000 or less do not have to file any report, neither the short form or the detailed report.
Removing school board candidates from ELEC's jurisdiction is a commonsense approach to campaign finance regulation. Usually, school board candidates spend little money. In the 1990 school board election, 144 candidates filed with ELEC. These candidates spent a total of $209,000. Compared with candidates for local office, who spent $14.5 million in the general election of 1989, this financial activity is insignificant. 24 Secondarily, unlike candidates for municipal, county, and statewide offices, school board candidates do not file nominating petitions with the municipal clerk, county clerk, or Secretary of State. Instead they file with district school board secretaries. Because of this fact, there is no system in place for the Commission to easily and accurately obtain the names of school board candidates. In establishing a system for providing ELEC with the names and addresses of candidates for municipal, county, and statewide offices, the statute states:

Petitions ... shall be filed ... before 4.00 p.m. of the 54th day ____ Not later than the close of business of the 48th day preceding the primary election for the general election the municipal clerk shall certify to the county clerk the full and correct names and addresses of all candidates for nomination for public and party office ____ The county clerk shall transmit this information to the Election Law Enforcement Commission in the form and manner prescribed by the Commission and shall notify the Commission immediately upon the withdrawal of a petition for nomination. 25
School board candidates are not contemplated in this section; therefore, there is no systematic means of obtaining a list of these candidates throughout the State. At the same time that reporting by these candidates to the State is an unnecessary burden to them, it is not cost-effective for the Commission to spend hours of staff time attempting to obtain a reliable list of candidates.

Finally, school board elections are completely local in nature. In fact, as attested to through voter turnout records, the vast majority of citizens in a school district do not even vote in a school board election. Certainly, the cause of disclosure would be amply served by a statutory change that required school board candidates to file locally and not with the State. In fact, disclosure may even be enhanced further if school board candidates were made to file short forms at the local level requiring them to affirmatively state that they are not spending more than $2,000 on their election.

Regulation of Fire District and Other Special District Elections Should Be Eliminated

Throughout the years, there has been a school of thought within the Commission that has believed that ELEC has the authority to regulate candidates in various special district elections that mainly take place within municipalities. This type of election would include those for fire district commissioner, water and sewerage district commissioners and commons
district commissioner, for instance. These elections could also include those for positions on a municipal charter study commission. This approach toward the regulation of campaign financing in New Jersey has been in effect at the Commission for several years. In fact, in its compliance manual for candidates the Commission specifically mentions fire commission elections as subject to the Act.

Upon reexamination it appears that while it is easy to see why this interpretation of the law was made and approach taken, there is another interpretation that is equally valid. This second interpretation suggests that fire district elections and the like are not subject to the Act and its reporting requirements.

The Campaign Act declares that the Act extends to "any election at which a public question is to be voted upon by the voters of the State or any political subdivision thereof;" and to "any election for any public office of the State or any political subdivision thereof."

The key phrase in this section of the law is "or any political subdivision thereof" For years, ELEC has considered fire commission districts, etc., to be "political subdivisions" of the State. While certainly a reasonable interpretation, upon reconsideration of this policy it seems that, read in tandem with other sections of the Campaign Act and Title 19 in general, that what is actually meant by "political subdivision" is county government and municipal government.
This interpretation is drawn for several reasons. First, in the Campaign Act, school district elections are singled out in terms of candidates in those elections being subject to reporting.

As noted above, the definition of candidate under the law is "an individual seeking or having sought election to a public office of the State, or of a county, municipality or school district at an election; except that the term shall not include an individual seeking party office."27

Moreover, in the body of the law, reporting requirements are prescribed for candidates in municipal, county, and statewide elections and school board elections. While there is no mention whatsoever of filing requirements for fire district candidates, the law, again, does specifically refer to school board candidates as having a requirement to file a duplicate copy of their report with the county clerk. The law also distinguishes school board candidates from municipal candidates in that it requires no reporting at all from these candidates if they spend less than $2,000. Finally, the law specifically excludes individuals seeking party office from the requirements of filing. In a phrase, if the intent of the Legislature was to require candidates for fire district and the like, to file with ELEC, it would have singled these elections out and prescribed specific filing requirements as it did in the case of school board candidates. If indeed these candidates must report to ELEC then under current law the question
must be: are these candidates to follow requirements set forth for school board candidates or local candidates?

The argument against requiring filing in these special district elections is further bolstered in other parts of Title 19. As noted above, the procedure for nominating candidates to become the nominee of a political party in a general election is set forth in this statute. Procedures are set for independent candidates to get on the general election ballot as well. There is no procedure set forth for school board candidates or fire district candidates, etc., to get on the ballot in Title 19. However, school board candidates are singled out in the Campaign Act as having a filing responsibility, whereas, fire district candidates, etc., are not. Taking this fact into consideration as well as the fact that Title 19 in total seems aimed at candidates for municipal, county, legislative, congressional and gubernatorial office, it seems even more possible that the Campaign Act never contemplated requiring reporting by such candidates as those for fire district commissioner.

Finally, the law prior to amendments in 1983 defines a candidate that is subject to the Campaign Act to mean "an individual seeking or having sought election to a public office of the State, or of a county, municipality, or school district at a primary, general, municipal, school board or special election; except that the term shall not include the office of county committeeman or committeewoman."
Furthermore, as in current law, the term "election" was defined to mean any election described in Section 4 of this Act. Section 4 of the law prior to 1983 contained the provision that the law applied in "any primary, general, special, school or municipal election for any public office of the State or any political subdivision thereof; provided, however, that this Act shall not apply to elections for county committeeman or committeewoman." 30

It is clear in the original statute that the candidates intended to be subject to the Act were those in the primary, general, special, school and municipal elections. Municipal elections are those held in May and special elections are those held to fill vacancies on the municipal, county or State levels of government. Thus, fire district elections, etc., were not subject to the Campaign Act as originally constructed.

A certain confusion arose as a result of amendments to the law in 1983. As a result of these amendments, the language pertaining to the definition of candidates as well as the language pertaining to the type of elections subject to the Act changed. Essentially, the definition of candidate was shortened and thereby made less specific, eliminating the phrase "at a primary, general, municipal, school or special election." 31 At the same time, the language excluding party elections for county committee was broadened to include any "individual seeking party office." 32 Similarly, the applicability of the section in the law pertaining to elections subject to the Act was made less specific through the use of the
phrase "In any, election for any public office of the State or any political subdivision thereof."\(^{33}\)

These changes in the law may be at the root of the interpretation that fire district elections, etc., are subject to the Campaign Act. In a word, they may have been interpreted as broadening the scope of the Act. However, no evidence to support that contention has been found, either in the sponsor's statement, in other literature surrounding the bill, in Commission proposals at that time, or in newspaper accounts of the Campaign Act amendments. The thrust of the Amendments were to remove lobbyists from being subject to the Campaign Act and to create a new category of filing, the continuing political committee. The amendments also changed certain thresholds for reporting under the Act and established the 48-hour notice requirement. Pursuant to those amendments, there is no mention of the inclusion of fire district elections, etc., under the Act, thus it can be interpreted that these type of elections are not subject to the disclosure requirements of the Reporting Act.\(^{34}\)

One way or other, candidates for fire district elections, etc., should not be subject to regulation by the Commission. If the view is accepted that the framers of the Act never contemplated including these type of elections under the Act then the Commission can on its own change its policy and remove these candidates from its jurisdiction. On the other hand, if the view prevails that these elections Are under the Act, then legislation should be enacted to specifically exclude these type of
The regulation of fire district elections, etc., is neither cost-effective for the Commission nor in the public interest.

Municipal and Runoff Elections Should Be Treated As Single Elections

Beyond yielding jurisdiction over school board elections and other special district elections, such as fire district elections, there are other changes that can be made to ease the reporting burdens on candidates filing with ELEC.

For example, for reporting purposes, May municipal and runoff elections could be treated as one election instead of two. Under the current arrangement, there is no 29-day report requirement for the runoff election because there is not a 29-day period between the date of a municipal election and the date of any runoff election that is needed. Only an 11-day pre-runoff election report is required. Besides the required 11-day report, however, is the requirement that a 20-day post municipal election report be filed by the candidate. Thus, within a span of days a candidate in the May municipal election is filing a 20-day postelection report for one election and an 11-day preelection report for the other.

In the case of May municipal and runoff elections, it would make sense, for the purposes of reporting, to treat them as one election, with the 20-day post municipal report serving as the one preelection report.
required prior to the runoff election. In effect, postelection reports including information for both elections would begin at 20 days after the runoff election and continue at 60-day intervals thereafter. Thus, the Commission would require two preelection reports for the municipal election, a preelection report for the runoff, which would include activity for the period between the 11-day pre-municipal report and the pre-runoff report as well as cumulative activity to that date, and at least one postelection report. Rather than separate sets of report for each election, one set of reports would be sufficient.

To implement this reporting scheme for municipal and runoff elections, a statutory change would be required. Such a change would not only ease the burden of reporting on the local candidates but ease the administrative burden on ELEC of compiling reports.

**Short Forms Should Be Included On Nominating Petitions**

Another change that would make candidate reporting easier and less cumbersome involves the filing of short forms. These short forms are filed when primary and general election candidates do not spend more than $2,000, or, if a member of a multi-candidate committee, $4,000 in any one election.

At the present time, candidates receive the short form in the same package as they receive the forms for filing detailed reports. In the primary election, these forms are distributed to the candidates by either
the municipal or county clerks or the Secretary of State, depending upon the office being sought. They are distributed at the time that candidates submit their petitions to these officials. In the general election, candidates are sent the forms directly by the Commission after receiving their names and addresses from the Secretary of State and/or the county clerks. For both the primary and general elections, once candidates have received their forms, they are then required to submit them directly to the Commission.

The process can be improved in part by a statutory change that would include the short form on the petition filed by primary candidates and independent candidates. In this way, candidates could sign the affidavit attesting to the fact that they would not be spending more than $2,000, if a candidate committee, or $4,000, if participating in a multi-candidate committee, and submit it as part of the petition to the municipal or county clerk or Secretary of State. In turn, these officials would provide this information to the Commission.

This procedure would only work for primary election candidates and general election independent candidates. It would not work for general election candidates nominated to run in the general election through the primary election process. General election candidates have no obligation to file any further petitions with the clerks and/or the Secretary of State and would have to be sent the forms directly as is now the case.
Despite this drawback, this procedure for primary and independent candidates would, nevertheless, constitute an important change.

Compliance with the filing requirements of the Act are more difficult to achieve for primary election candidates and general election independent candidates than for general election candidates who have already been through the process via the primary election. A change in the statute resulting in the inclusion of short forms on candidate petitions would represent an excellent compliance tool. It would improve the compliance rate in the primary election, and, in the general election, for independent candidates. It would substantially ease the burden of filing on candidates who do not spend much money. At the same time, it would preserve a system whereby the Commission is able to maintain an affirmative record of each candidate's financial activity.

Various Candidate Reporting Thresholds Should Be Adjusted Upward

The demands of filing imposed upon candidates can be eased further by adjusting the various reporting thresholds upward to account for inflation. Such adjustments would not adversely affect disclosure.

For example, the spending threshold of $2,000 which triggers detailed reporting for candidates should be increased to $4,000. Likewise, the $4,000 spending threshold which triggers such reporting for multi-candidate committees should be raised to $8,000. These new thresholds,
which, in and of themselves, should be raised periodically to account for inflation, would exempt many more small spenders from the responsibility to file detailed reports. Moreover, these inflation-adjusted thresholds would not only ease the burden on many local campaigns and "shoestring" legislative efforts, but would reduce the administrative burden of the Commission with no significant loss of disclosure.

Based on the 1989 reports, if these thresholds were enacted, there would be an increase of 129 short-form filers. Whereas, in 1989, there were 967 short-form filers under this plan there would have been 1,096 under the proposed thresholds. This adjusted number equates more closely with the number of candidates filing short forms in 1983. In that year, 1,285 filed these forms. Thus, an adjustment in these thresholds would not result in a loss of disclosure but would merely get disclosure closer to where the Legislature originally intended it to be when it amended the law eight years ago. 35

The threshold for disclosing the identity of contributors to political campaigns should also be increased. Presently, as it has since 1973, this threshold stands at "more than $100." It should be raised to "more than $200" to account for inflation. Again, such a change would streamline the reporting responsibilities of candidates and ease the administrative burden on ELEC. Because of the inflationary factor, there would be no loss of disclosure.
Finally, the 48-hour notice threshold for candidates reporting contributions they receive between the 13th day before election and election day should be increased from "more than $250" to "more than $500." The effect of such a change would be the same as for raising the other thresholds.

Committee and Contributor Thresholds Should Be Adjusted Upward

In terms of political committees and continuing political committees, the various thresholds applicable to these groups should also be raised. The "more than $1,000" and "more than $2,500" thresholds triggering detailed reporting for political committees should be increased to "more than $2,000" and "more than $5,000" respectively. Similarly, the "more than $2,500" threshold triggering detailed reporting for PACs, political parties and other political groups of a continuing nature should be increased to "more than $5,000." The "more than $100" threshold for identifying contributors to political committees and continuing political committees should be increased to "more than $200," and the "more than $250" 48-hour notice threshold should be raised to "more than $500." All of these changes, which, again, should be adjusted periodically for inflation, would ease the burden of reporting on many small, less well financed groups and reduce the administrative strain on the Commission. Moreover, there would be no significant loss of disclosure.
Adjusting the various thresholds to account for inflation is a sensible way to maintain the Commission's credibility with the public through eliminating unnecessary bureaucratic red tape to which meager spending candidates and committees are subjected. It is also a sensible way to ease the strain on a Commission staff that has witnessed a tremendous increase in its workload and a crippling decrease in its resources. Both of these objectives can be met through measures that will not impair the public's ability to determine who it is that is financing the electoral process.

ELEC Should Be Given Civil Jurisdiction Over Prohibited Contributions

In terms of ELEC's jurisdictional scope, it is important to discuss "prohibited contributions."

Two provisions in Title 19 ban specific entities from making campaign contributions. The first prohibits insurance corporations from making these contributions: "No insurance corporation or association doing business in this State shall, directly or indirectly, pay or use, or offer, consent or agree to pay or use, any money or property for or in aid of any Political Party, committee, organization or corporation, or for or in and of any candidate for political office, or for nomination for such office, or for any political purpose whatsoever."

The second provision prohibits certain other regulated corporations from making campaign contributions: "No corporation carrying on the business of a bank, savings bank,
cooperative bank, trust, trustee, savings indemnity, safe deposit, insurance, railroad, street railway, telephone, telegraph, gas, electric, light, heat, or power canal or aqueduct company, or having the right to condemn land, or to exercise franchises in public ways granted by the State or any, county or municipality. 37

A separate provision in Title 5 places a prohibition on the casino industry. This provision prevents casino corporations as well as employees of casinos from making campaign contributions. It reads in part:

No applicant for or holder of a casino license, nor any holding, intermediary or subsidiary company thereof, nor any officer, director, casino key employee, or principle employee of an applicant for or holder of a casino license ... shall directly or indirectly, pay or contribute any money or thing of value to any candidate for nomination or election to any public office in this State, or to any committee of any political party in this State, or to any group, committee or association organized in support of any such candidate or political party. 38

Currently, these provisions are written in the criminal statutes and not in the Campaign Act. Though they prohibit activity that is closely tied to activity falling under the Campaign Act, the Commission has no authority in the area, either with respect to prosecuting violations of the law or developing advisory opinions in relation to it. Under the current system,
the Attorney General has jurisdiction over the prohibited contributor sections in the statutes.

The law should be changed and jurisdiction over prohibited contributions transferred to ELEC. Simultaneously, violators of the law should be prosecuted civilly and not criminally.

There is much confusion on the part of the public as to which governmental agency has jurisdiction over prohibited contributions. Because of the functions performed by the Election Law Enforcement Commission, many people assume that ELEC has jurisdiction over this matter. Routinely, requests for advisory opinions are sent to the Commission instead of the Attorney General as are queries as to the permissibility of certain contributions. In the case of advisory opinions, the Commission refers the request to the Attorney General because it has no authority to respond. Similarly, in the case of complaints ELEC refers the individual to the Attorney General where investigations regarding illegal contributions are to take place. Often delays in resolving the matters occur because of this added step.

Prohibited contributions should be transferred to ELEC. The Commission deals with campaign financial issues on a daily basis and has the particular expertise to quickly and thoroughly respond to requests for advisory opinions and to complaints. Moreover, it is more appropriate to categorize an illegal contribution as a civil violation as opposed to a
As a campaign financial issue the Commission is well equipped to investigate these matters and enforce the law.

ELEC Should Be Given Civil Jurisdiction Over Political Advertising Identification

Jurisdiction over the issue of disclosing the identity of the individual or group paying for political advertising should also be transferred to the Election Law Enforcement Commission. This proposal would make violations civil matters instead of criminal ones.

The law holds: "No person shall print, copy, publish, exhibit, distribute or pay for the printing ... advertisement, or other printed matter having reference to any election or to any candidate or to the adoption or rejection of any public question at any general, primary for the general, or special election unless ... printed matter shall bear upon its face a statement of the name and address of the person or persons causing the same to be printed ____"\(^3\)\(^9\) The law further states that when an association, organization, or committee undertakes such advertising it must provide the name and address of the association and the name of at least one person who has the authority to undertake such action.

Responsibility for enforcing the identification of the source of political advertising provision in the statute, or in common campaign parlance, the "disclaimer" law lies with the Attorney General and/or the
various county prosecutors. If an individual has a complaint about the lack of proper identification on political advertising, he or she must file it with one of these entities. As a practical matter, many inquiries about this issue first come to the Commission. Again, because of the function performed by ELEC, the average citizen assumes that the Commission is the obvious agency to lodge such a complaint or inquiry. But, as it does with prohibited contributions the Commission must refer these inquiries to the Attorney General or county prosecutor. Invariably, because of the nature of this issue and its relative unimportance in relation to the other functions performed by the Attorney General and the county prosecutors, these matters get back-burnered. Transferring jurisdiction over these matters to ELEC would get them off the back-burner, resulting in more speedy review. Moreover, violations in the area of identification of advertisers is more suited to being treated as a civil offense as opposed to a criminal offense. While it certainly is important that the voters know who or what supports or opposes certain candidates or public questions, it is overreaching acceptable bounds to view violation in this area as criminal in nature. Moreover, it is counterproductive. The purposes of disclosure are better served by placing these matters under the civil jurisdiction of ELEC where they would receive more attention and be subject to the review of a staff that deals with campaign-related issues on a continuing basis. The Commission's primary function is to ensure that campaign financial activity is properly disclosed and the advertising identification issue certainly falls in the category of financial disclosure.
Another campaign finance issue that needs to be addressed involves the appropriate use of surplus campaign funds.

The Campaign Act is silent on this matter. Despite this fact, however, the Commission has adopted regulations that provide guidance to candidates and committees in regard to how surplus campaign funds may be used. 40

The regulations prohibit personal use of campaign funds. Conversely, they permit surplus funds to be used to pay campaign debts, to repay contributors, and to repay loans. They permit excess campaign money to be used for charitable purposes, for future campaigns, and for transmittal to other candidates.

Despite these regulations promulgated by a Commission eager to resolve a nettlesome issue, there is still considerable uncertainty with respect to how these funds can be used. The Campaign Act does not specifically prohibit personal use of campaign funds nor does it set forth how these funds may be used. Further, the Act gives no direction on the disposition of funds belonging to a deceased former candidate or guidance as to whether or not campaign funds may be used to support the functions of a legislator's district office or may be used for any other ordinary and necessary expense of holding any public office.
The question of authority aside, the Commission has dealt as squarely as possible with the issue of surplus funds over the years. It has adopted regulations and rendered numerous advisory opinions. Yet, it has taken these actions without the total assurance that its decisions are in conformity with any stated legislative directive.

Thus, the Commission believes that the enactment of a statute that sets forth the Commission's authority in this area, specifies the permissible uses of campaign funds, prohibits personal use, clarifies the ownership of such funds after the death of a candidate, and decides the question of whether or not these funds can be used to support legislative district offices or any other ordinary and necessary expense of holding public office, is long overdue. It is an area that needs clarification in the statute and one that is clearly at the heart of the question of ELEC's jurisdiction. Without a doubt, a change in the law that broadens the Commission's jurisdictional scope by providing guidance as to how surplus campaign funds may or may not be used is very much in the interest of public disclosure.

Ways To Strengthen Disclosure

The Commission's jurisdictional scope vis-a-vis the Campaign Act can be further broadened through the enactment of several provisions that would improve disclosure. For instance, the law should require that the name, mailing address, employer, and occupation of individual contributors be
disclosed. It should also authorize the Commission to require political action committees and political committees to file registration statements identifying their type and all persons exercising control over their funds. The registration statement should also identify the employers of those persons having control over the committees. The Campaign Act should be amended to raise from $1,000 to $2,000 of outstanding obligations the level at which ELEC can administratively terminate postelection reporting requirements of candidates and committees. And, the time-period for the Commission to respond to requests for advisory opinions should be extended from ten days to 35 days. This extension of time would allow for a more extensive analysis of the issues which are becoming more and more complicated and take into account that the Commission meets only once a month.

ELEC Should Charge Filing Fees

No discussion of ELEC's jurisdiction or proposals for amending the Campaign Act would be complete without mention of the need to statutorily or constitutionally authorize the Election Law Enforcement Commission to charge filing fees for the purpose of offsetting a needed increase in its budget.
In White Paper Number Four: Ideas for an Alternate Funding Source, the Commission discussed this issue extensively. Specifically, it proposed that:

1) a filing fee be imposed on the total gross receipts of continuing political committees;

2) a lobbyist filing fee be introduced;

3) ELEC keep all fine money collected from Campaign Act violators and the fine scale be increased at least to take into account the past fifteen years of inflation since the Act's inception in 1973;

4) the Commission keep a percentage of public funds collected through the gubernatorial check-off program for administrative purposes of the public financing program; and

5) a constitutional or statutory budget base, increased annually by an inflationary index, be established to insure fiscal stability. 41

As noted in the White Paper, the Commission has set forth these ideas for self-sufficiency "which will remove it from the regular State
budgetary process and transfer its fiscal base of support from the taxpayers to the continuing political committees and lobbyists that generate its workload. "42 Clearly, expanding the Commission's authority to permit the collection of fees would be in the best interest of the electorate.

Conclusion

The Election Law Enforcement Commission, through the Campaign Act, has been given wide berth in its ability to require disclosure of campaign finance activity at all electoral levels. Certainly, the broad brush of its law is in the best interest of the electorate and should be maintained. Nevertheless, there are aspects of its jurisdictional scope that should be altered, in ways that both narrow its jurisdiction, easing the burden of filing on candidates and committees that do not spend great amounts of money, and broaden it, thereby enhancing disclosure and bringing greater rationality to campaign laws. For example, candidates for school board and special district elections should no longer be subject to the Act. Moreover, a tangled filing schedule should be amended for May municipal candidates and thresholds should be increased to account for inflation. Conversely, ELEC should acquire jurisdiction over the issues of prohibited contributors and advertising identification, should have its name changed to more accurately reflect its role, should be financially self-sufficient, and should have more clarity in the statutes regarding the permissible uses of surplus funds.
Throughout its history, ELEC has continued to evolve and improve its responsiveness to the public and the constituency it serves. These recommendations represent a continuation of this trend.
PERSONAL FINANCIAL DISCLOSURE ACT

The "Personal Financial Disclosure Act" mandates that candidates for Governor and the Legislature file financial disclosure statements with ELEC in gubernatorial and legislative election years. Candidates for Governor, the Senate, and the General Assembly are required to disclose information about earned income, unearned income, fees and honorariums, reimbursements, gifts, and interest in the casino gambling industry. This disclosure must take place within ten days of a candidate filing a petition with the Secretary of State to appear on the primary election ballot, or in the case of independents, the general election ballot.

Personal Financial Disclosure by Candidates Separate From Officeholders

The "Personal Financial Disclosure Act" is separate and distinct from that which governs financial disclosure by Senate and Assembly officeholders. Though the reporting requirements are similar, Senators and members of the Assembly must file annual reports of their personal finances with the Joint Legislative Committee on Ethical Standards. In years when these officeholders are candidates for Senate and General Assembly, they have a double reporting responsibility with the Joint Committee and with ELEC.
Sources of Earned and Unearned Income Reportable

The "Personal Financial Disclosure Act" under ELEC's jurisdiction requires only that sources of income, not amounts, be reported. For example, when a threshold amount of "more than $1,000" in any earned income category is reached, the source or sources of that category of earned income must be reported. The categories of earned income are "salaries, bonuses, royalties, fees, commission and profit-sharing received as an officer, employee, partner, or consultant of a named corporation, professional association, partnership or sole proprietorship." Likewise, when a threshold amount of "more than $1,000" in any unearned income category is reached, the source or sources of that category of unearned income must be reported. The categories of unearned income are "rent, dividends, and other income received from named investments, trusts and estates."

Sources of Fees, Honorariums and Reimbursements Reportable

Under the law, the sources of fees, honorariums, and reimbursements for trips, etc., which amount to more than $100, "are reportable as are the sources of gifts having a value of more than $250." Finally, without reporting the worth of any investment, any ownership, holding, or control of an interest in any land or building in any city in which casino gambling is authorized must be reported. As part of this report, the land and building must be listed.
Candidates for Governor and the Legislature must file this information not only as it pertains to themselves but also as it pertains to members of their household. As used in the Act, a member of the household includes the spouse of a candidate living in the same domicile and any dependent children.

Commission Has Enforcement Authority

Under the "Personal Financial Disclosure Act" the Commission is authorized to investigate and conduct hearings in regards to potential violations. It is authorized to impose penalties and issue subpoenas and to initiate civil actions in Superior Court if necessary.

Personal Financial Disclosure statements filed by candidates for Governor and the Legislature are public documents. As such, the Commission is responsible for providing access to inspect the reports as well as for providing copies to the public upon request.

Public Benefits From Disclosure of Personal Finances

The Commission believes strongly in the fact that the public interest is served by a law that requires gubernatorial and legislative candidates to disclose information about their personal finances. It also believes that placing jurisdiction over governance of that law in ELEC is appropriate and logical. The electorate has the right to determine for
itself whether a candidate for Governor or the Legislature has been, or may potentially be, in a conflict of interest situation as the result of his or her personal financial interests. Giving a disclosure agency like ELEC responsibility for ensuring that this information is provided to the public in a timely fashion is very much in the interest of an electorate that deserves a state government comprised of public officials that can be trusted to serve its interests properly.

Law Should be Made More Meaningful Through Disclosure of Amounts

At the same time that the Commission believes that its jurisdiction over the personal financial disclosure law is appropriate, it also believes that the law must be strengthened to make it more meaningful. For example, it believes that the Act should be amended to require that not only the source of gifts, honoraria and reimbursements be reported but the amounts as well. It also believes that the current threshold of "more than $250" for reporting gifts should be lowered to "more than $100." This threshold would then be in line with the thresholds existing for honoraria and reimbursements. The Commission believes that those individual or groups that contribute benefits to gubernatorial and legislative candidates should have their employers disclosed. Furthermore, the law should be strengthened to disclose more definitively major sources of private income that could represent conflicts of interest. Finally, the law should be expanded to include the sources and amounts of: assets, liabilities, forgiven debts,
and all other sources of income including directorships, etc., in which compensation is involved.

Conclusion

In enacting the "Personal Financial Disclosure Act" and investing the Commission with the authority to enforce it, the Legislature took an important step toward the goal of providing the public with the means to uncover real or potential conflicts of interests. A continuation of that effort through amendments to the Act which would provide for more meaningful information to be available to the public would truly contribute to the cause of open and honest government in New Jersey.
A review of the scope of ELEC's jurisdiction would be incomplete without a discussion of the "Legislative Activities Disclosure Act." In a word, ELEC shares jurisdiction vis-a-vis the administration of this law with the Attorney General.

Dual System of Reporting

Under the "Legislative Activities Disclosure Act", lobbyists, often referred to in Jersey as legislative agents, are required to register with the Attorney General and report their activity to that office on a quarterly basis. Simultaneously, they are required to report their financial activity to the Commission on an annual basis.

Thresholds for Reporting to the Commission

Like the "Campaign Contributions and Expenditures Reporting Act," the "Legislative Activities Disclosure Act," as it pertains to the Commission, contains various thresholds and limits. For example, legislative agents, or in some cases the parent lobbyist organization, must file annual reports if they exceed a $2,500 threshold amount for receipts received or expenditures made. This financial activity, of course, must be done in connection with "direct, express, and intentional communication with
legislators or the Governor or his staff undertaken for the specific purpose of affecting legislation during the Previous year. 47

When a reporting obligation is incurred by a legislative agent or lobbyist organization, the report must disclose those "moneys, loans, paid personal services or other things of value contributed to it." 48 Moreover, it must include media, (including advertising), entertainment, food and beverage, travel, and lodging costs. It must also include costs associated with honoraria, loans, gifts, salaries, fees, and allowances or other compensation paid to a legislative agent.

As noted above, these expenditures need only be reported if they expressly relate to direct, express, and intentional communication with legislators for the specific purpose of affecting legislation. Further, costs associated with each expenditure category need only be reported in the aggregate if specific expenditure threshold amounts for individual legislators, the Governor, or his staff are exceeded. If, for instance, a legislative agent spends more than $25 per day on behalf of a legislator, the Governor, or a member of the Governor's staff, this expenditure must be detailed. Also, if more than $200 in the aggregate is spent on behalf of a legislator, the Governor, or the Governor's staff in one year, then that expenditure must be detailed. Finally, where an expenditure of more than $100 is spent in connection with any specific occasion, that expenditure must be detailed.
Commission Has Enforcement Powers

Legislative agents and/or lobbyist organizations are required to file reports of their previous years' activity on February 15 of each year. As per the Campaign Act and the "Personal Financial Disclosure Act," the Commission is authorized to review these reports and bring complaint proceedings against any legislative agent or lobbyist organization that is found to be in violation of the financial disclosure aspects of the Act. As part of its enforcement authority, the Commission is endowed with the power to issue subpoenas for the production of witnesses and documents and to hold hearings, either before it or the Office of Administrative Law. The Commission is also authorized to impose penalties up to $1,000.

Lobbyists Regulated by Attorney General

As noted above, under the "Legislative Activities Disclosure Act" the Commission shares jurisdiction over the regulation of lobbyists with the Attorney General. First, legislative agents are required to register with the Attorney General and wear badges identifying them as lobbyists while in the State House. Secondly, these registered legislative agents are required to file quarterly reports with the Attorney General. These reports are to include a list of bills the legislative agent worked on during the previous three-month period, describing his or her activity relative to any type or general category of legislation during this time.
Shared Jurisdiction Should be Eliminated

This shared jurisdiction built into the lobbyist disclosure law has been the subject of discussion and criticism through the years. As suggested in the Commission's lengthy report on lobbying, ELEC White Paper Number Five: Lobbying Reform: "Certainly, this dual administrative arrangement is unnecessary and confusing. It also has resulted in a certain amount of overlap in reporting." 49

And, again, as stated in an earlier report produced jointly by ELEC and the Attorney General: "There is no inherent reason why two agencies should be responsible for administering the lobbying disclosure program." 50

In a word, ELEC's jurisdiction relative to the "Legislative Activities Disclosure Act" should be expanded to give it full responsibility over the administration of the law. ELEC is prepared to take full responsibility for the program, believing that one agency is better equipped to handle the administration of the Act in a more efficient, effective, and less confusing manner than are two agencies. As suggested in the White Paper: "Placing administrative responsibility for lobbyist disclosure in one agency instead of two is of paramount importance to meaningful reform and should be included in any change in the law." 51
Reporting Requirements Should be Changed

Concomitant with amending the law to grant ELEC full jurisdiction over lobbyist disclosure would be the "elimination of the annual report requirement and the continuation of registration and quarterly report requirements, but in expanded fashion."  
Barring any further reform of the lobbyist law other than placing responsibility for administering it in one agency, the registration program would remain the same, except that it would be administered by the Commission. The quarterly report system, on the other hand, would be expanded. These reports would be broadened to include not only the financial activity disclosed in the annual reports to the Commission but also the information contained in the quarterly reports now filed with the Attorney General. This change in the reporting system, done in tandem with a change in jurisdiction giving ELEC total responsibility for the program, would benefit both the public and the lobbyists. The Legislature and the public would be provided with information that is more up-to-date and the lobbyists would be relieved of the burden of reporting on activities that could be as much as a year old.

Act Needs Major Reform

Certainly, the Commission believes, as discussed exhaustively in its White Paper Number Five: Lobbying Reform that the "Legislative Activities Disclosure Act" is in need of major reform. These reforms include the elimination of the "expressly" loophole, and the inclusion of "executive
branch lobbying" and "grassroots lobbying" as reportable activities. For the purposes of this paper, however, a key aspect of that reform is the elimination of the dual system of lobbying regulation that currently exists and the overlapping reporting scheme that is part and parcel of that system. Granting full responsibility over the lobbyist disclosure law is a concept that is supported by both the Attorney General and the Commission and one that is replete with common sense.

Adequate Funding Necessary

As with the discussion of the Campaign Act, no discussion of an expansion of ELEC's jurisdiction vis-a-vis the Lobbyist Act would be complete without again mentioning the fact that adequate funding is necessary to insure that any law is effectively enforced. Certainly, the proposals mentioned earlier in this paper and in ELEC's White Paper Number Four on Alternate Funding Sources would, if enacted, provide for sufficient funding to effectively carry out the purposes of the "Legislative Activities Disclosure Act" in all its aspects. Under that proposal, lobbyists would be required to file a fee with the Commission when submitting their reports, providing enough revenue in the process to support the program.

Conclusion

Currently, the Commission shares jurisdiction over lobbyist disclosure with the Attorney General. There is also a bifurcated system of
reporting that results in overlapping information being filed with these two entities. The Commission is recommending that sole jurisdiction over lobbyist reporting fall with the Commission and that reporting be streamlined. Through these proposals, the basis of a sound system for providing lobbyist information to the public, as well as for enforcing the disclosure law, will be established.
CONCLUSION

The principle of independence is one that is cherished by the members of the Election Law Enforcement Commission. With its core independence inherent in the statute, the Commission, through tradition and the adoption of its own Code of Ethics, has endowed itself with a legacy of autonomy that is unsurpassed throughout the nation.

This independence, and the merits thereof, have been thoroughly discussed in this paper. Moreover, the Commission, while acknowledging the fact that provisions in the statute protect its very integrity and appreciating the fact that this integrity has been respected by four Governors and several Legislatures, nevertheless is impelled to offer suggestions for strengthening this protective shield.

In part one of the paper, the Commission suggests that the terms of the Commission members be lengthened to six years to further insulate them from the pressures of partisan influence and to help them deal with an increasing complexity in campaign finance and lobbying issues. Further, the Commission believes that the Commissioners should be paid on a salary basis and that an alternate funding plan should be enacted to provide the Commission with a source of income that would be independent from the appropriations process which is controlled by the people it regulates. These changes, if enacted, would contribute to the autonomy of the
Commission by strengthening the provisions in the law that already form the foundation of this independent watchdog Commission.

Throughout its history, the Commission has continuously evaluated its role and its place in New Jersey's electoral system. Part two of this paper, which includes a discussion of the Commission's jurisdictional scope and a review of the laws under its purview, is a continuation of that effort.

A major part of this evaluation involves recommendations to ease and in some cases remove the filing requirements of local candidates. Along these lines the Commission is suggesting that the regulation of school board elections be removed from ELEC's jurisdiction and be placed, instead, with some local authority, such as the municipal clerks. Similarly, the Commission argues that it not retain, if indeed it actually has, the authority to regulate fire district and other special district elections. And, to further ease the filing burdens on candie local electoral level, the Commission is proposing that May municipal and runoff elections be treated as one election for reporting purposes. In this way, only one set of reports need be filed, therefore eliminating one reporting date that closely overlaps with another.

The paper also suggests that short forms be included on the petitions filed by primary candidates and independent candidates. This change would improve the compliance rate of primary and independent
candidates by making it easier for them to file these affidavits attesting to the fact that they are not raising and spending amounts of money over the respective threshold amounts. By having these forms attached to the petition, it would fall upon the municipal and county clerks to provide this information to the Commission.

In the spirit of easing the difficulty of filing by candidates and other entities, the Commission believes that the various thresholds contained within the Campaign Act should be adjusted to account for inflation. The thresholds slated for adjustment would apply to candidates, multi-candidate committees, political committees, and continuing political committees and would include thresholds for reporting and for identifying contributors.

The issue of prohibited contributions is discussed in the second part of the paper as is the issue of the identification statement on political advertising. In both these areas, the Commission is recommending that it obtain civil jurisdiction. At the current time, the Attorney General has jurisdiction over prohibited contributions and advertising disclaimers. Finally, the issue of the Commission's name is discussed, with the Commission recommending that it be called the New Jersey Disclosure Law Enforcement Commission instead of the Election Law Enforcement Commission.

Statutory guidelines for surplus funds use are also urged by the Commission in this paper. Specifically, the Commission is recommending that
a prohibition against personal use be carved in the statute. It is also suggesting that the issue of whether it is permissible for a public official to use surplus funds to subsidize his or her operations in conjunction with his or her duties as an officeholder be clarified. It also wants clarification relative to the permissible distribution of campaign funds after a public official dies.

Finally, the paper suggests that the Commission be permitted to charge filing fees for the purpose of offsetting its budget. In this way, ELEC's budget could be increased at little or no expense to the taxpayers.

In addition to a review of the Campaign Act, the paper's exploration of the Commission's jurisdiction also contains a discussion of the "Personal Financial Disclosure Act" and the "Legislative Activities Disclosure Act." Part and parcel of its review of personal financial disclosure, the Commission is recommending that amounts as well as sources of income be disclosed by candidates for Governor and the Legislature. And as part of its examination of the "Legislative Activities Disclosure Act," it is first and foremost recommending that sole jurisdiction over this law be placed in ELEC. Currently, ELEC shares jurisdictional authority with the Attorney General.

In a word, the paper represents a thorough and complete review of the various acts under the jurisdiction of the Commission. In addition to discussing the numerous provisions contained in the Campaign Act, the
Personal Financial Disclosure Law, and the Lobbying Disclosure Law, the paper sets forth several suggestions for either reducing or expanding the Commission's jurisdiction and modifying the law. In this way, the Commission continues to contribute to its own legacy of being an evolving agency that continually strives to make public disclosure in New Jersey meaningful and enforceable.
NOTES


2. Ibid., subsection 6(a). Duties and powers of Commission.


5. Ibid., Section IV. Employment Restrictions, subsection 8(a). As noted later in the paper, Commissioners are permitted to make donations to federal candidates and federal entities not regulated by them but staff members are not.

6. Ibid., subsections 1-7.

7. Ibid., subsection 4.

8. Ibid., subsection 6.


11. Ibid.

12. Ibid., p.18.


15. Ibid., subsection 22. Failure to file reports; filing false reports; penalties.

16. Ibid., see subsections 8. Contents of reports to be filed by certain committees and organizations and subsection 16. Campaign treasurers or candidates, reports.

17. Ibid., subsection 22. Failure to file reports; filing false reports; penalties.

- 75 -
18. Ibid., subsection 8(b). Contents of reports to be filed by certain committees and organizations. A cumulative report may be submitted 11 days before an election for contributions of $250 or more made between the last day for the quarterly filing period, and 13 days before election day. Form C-1 must be submitted within 48-hours of receipt for contributions of $250 or more received after the 11-day report ends and up to and including election day.

19. Ibid., subsection 22. Failure to file reports; filing false reports; penalties.

20. New Jersey Election Law Enforcement Commission data.


22. Ibid., subsections 27-41.

23. Ibid., subsection 3(c). Definitions.


27. Ibid., subsection 3(c) Definitions.


32. N.J.S.A. 19:44A-3(c.) Definitions.


34. Assembly State Government, Civil Service, Elections, Pensions, and Veteran Affairs Committee, Statement to Assembly Committee Substitute A-2280 (Zimmer) and A-3099 (Bocchini).

35. New Jersey Election Law Enforcement Commission data.


37. Ibid., subsection 45. Contributions by certain corporations.


40. N.J.A.C. 19:25-7.4. Use or disposition of surplus campaign funds.


42. Ibid., p.16.


44. Ibid., subsection 4(b).

45. Ibid., subsections 4(c), (d) and (e).

46. Ibid., subsection 4(f). Currently, Atlantic City is the only municipality that has casino gambling.


48. Ibid.


52. Ibid.

53. Ibid., p.75.