

COMMISSION MEET I

before

AD HOC COMMISSION ON LEGISLATIVE ETHICS AND CAMPAIGN FINANCE

"To begin seeking agreement on what changes, if any, in current  
State campaign finance law the Commission should recommend  
to the Legislature"

July 25, 1990  
Room 334  
State House Annex  
Trenton, New Jersey

COMMISSION MEMBERS PRESENT:

Dr. Alan Rosenthal, Chairman  
Albert Burstein  
Patricia Sheehan  
Michael Cole  
Thomas Stanton, Jr.  
Senator Carmen A. Orechio  
Senator Donald T. DiFrancesco  
Assemblyman Thomas J. Deverin  
Assemblyman Garabed "Chuck" Haytaian

ALSO PRESENT:

Marci Levin Hochman  
Assistant Counsel  
Office of Legislative Services

Frank J. Parisi  
Office of Legislative Services  
Aide, Ad Hoc Commission on Legislative Ethics  
and Campaign Finance

\* \* \* \* \*

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COMMISSION ON LEGISLATION

REPORT

THE COMMISSION ON LEGISLATION ETHICS AND CONDUCT

This report was prepared by the Commission on Legislation Ethics and Conduct, which was established by the Commission on Legislation in 1971.

July 1972  
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New Jersey State Legislature  
AD HOC COMMISSION ON LEGISLATIVE ETHICS  
AND CAMPAIGN FINANCE

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Chairman  
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MEETING NOTICE

TO: MEMBERS OF THE AD HOC COMMISSION ON LEGISLATIVE  
ETHICS AND CAMPAIGN FINANCE  
FROM: ALAN ROSENTHAL, CHAIRMAN  
SUBJECT: COMMISSION MEETING - July 25, 1990

*Anyone who wishes further information on the Commission meeting may contact Frank J. Parisi, Aide to the Commission, at (609) 292-9106.*

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The Ad Hoc Commission on Legislative Ethics and Campaign Finance will hold its next meeting on **Wednesday, July 25, 1990 at 9:30 a.m. in Room 334 of the State House Annex, Trenton, New Jersey.**

The purpose of the meeting will be to begin seeking agreement on what changes, if any, in current State campaign finance law the Commission should recommend to the Legislature.

Issued 7/17/90



TABLE OF CONTENTS

	<u>Page</u>
Frederick M. Herrmann, Ph.D. Executive Director Election Law Enforcement Commission New Jersey Department of Law and Public Safety	17

\* \* \* \* \*

dcj: 1-12  
mjz: 13-27  
hmv: 28-40  
mjz: 41-86  
dcj: 87-105



(MEETING OPENS AT 9:42 a.m.)

DR. ALAN ROSENTHAL (Chairman): Why don't we get underway and take the roll?

MR. PARISI (Commission Aide): Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Here.

MR. PARISI: Assemblyman Deverin? (no response) I know he's here. Senator DiFrancesco?

SENATOR DiFRANCESCO: Yes.

MR. PARISI: Senator Orechio is not here. (Senator Orechio enters later) Thomas Stanton?

MR. STANTON: Here.

MR. PARISI: Patricia Sheehan?

MS. SHEEHAN: Here.

MR. PARISI: Michael Cole?

MR. COLE: Here.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Here.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Here.

MR. PARISI: Mr. Chairman, you have a quorum.

SENATOR DiFRANCESCO: Tom is here.

ASSEMBLYMAN HAYTAIAN: Yeah, Tommy Deverin is here. Mr. Chairman, about the roll, I noticed on some of the minutes that a number of us have come in late. Was it ever corrected?

MR. PARISI: Yeah.

ASSEMBLYMAN HAYTAIAN: Thank you.

DR. ROSENTHAL: At this meeting we hope to reach some agreements on campaign finance recommendations that we'll be making. Let me just suggest the way we proceed: You have in your packet, or you have been faxed a copy of a number of questions under various items, starting off with public financing and the issues that are involved in public financing; then going on to contribution limits and going down to transfer of funds, fund-raising activities, disclosure.

I'm suggesting that we spend this meeting and the next meeting, two weeks from now, on campaign finance, trying to reach agreements. And I think the best way to handle it is to take it in the following order; really taking on the tougher issues first to see if we have agreement. I think we've got to deal first with public financing. If there is no support for public financing, it is quite different than if there is support for public financing. The discussion will go in quite different directions.

So, if there is support for public financing, we pursue that line of reasoning. But if there is not support, we move on to what I think is the next toughest area, which is contribution limitations.

We will proceed dealing with contribution-- And if there is no support for contribution limitations as a general concept, we will move from there. But if there is support for contribution limitations as a general concept, we'll move down to some of particulars and deal with as many particulars as possible.

It is conceivable that we will not deal with some of the specific issues but will want some information on those issues, in which case staff can get that information, and we can revisit the issue two weeks from now. Then we'll move from contribution limitations to fund-raising activities, and the number of questions, whether you want to limit fund-raising to certain years, certain cycles of the moon, or what have you.

We'll move from that to transfers of funds and finally to, you know-- I think what may be easiest in terms of agreement, disclosure, and, under disclosure, the operations of ELEC. So, we'll take on the tougher ones first, and we'll get as specific as we can get. And we will revisit any of these issues in two weeks.

Frank Parisi has prepared these questions. I think they're useful questions. We don't have to answer every

question; we don't have to address every question. But I think these are questions that have been hanging around in this discussion. Yes, sir?

ASSEMBLYMAN HAYTAIAN: Mr. Chairman, I think because you're at the stage of trying to come to some agreements, and the fact that disclosure may be the easiest of all of the topics, maybe we ought to get agreements there and get that out of the way, and then work on the tougher areas where you may have some problems.

DR. ROSENTHAL: But, Assemblyman, I think that the public financing-- If we go that route, we get into a whole different disclosure ball game. That's why, if we're not going to go that route, I want to know about it.

Let me say another thing: Frank has, I think, distributed to you a voting tally sheet.

MR. PARISI: No, I haven't.

DR. ROSENTHAL: Oh, he has a voting tally sheet. What I suggest is that if we reach agreements, we reflect those agreements as votes among the members so there's a public record of how we came down on an issue.

I would suggest also that the votes we take today can be revisited. We can reconsider these votes in light of subsequent conversations. So, we can bring up a vote. I mean, we may get through a whole discussion. We may eliminate public finance and get through a discussion, and at the end realize that's indeed what we need, in which case these votes will not freeze us in at this point. Does that seem okay?

MR. STANTON: Yeah, I like that.

DR. ROSENTHAL: I would suggest then that the major issue is that of whether or not we think public financing of legislative elections with expenditure limits or, conceivably, without expenditure limits, which was recommended by Herb Alexander (referring to Dr. Herbert E. Alexander, witness at previous hearing), is something that we believe will be

helpful in terms of the system in New Jersey. And I think that's the first issue: Do we want to pursue public financing of legislative campaigns?

And now let me just say: We're talking about legislative campaigns and not, you know, changing the gubernatorial financing system. I don't think that's our charge.

MR. STANTON: Well, we're just into the legislative.

DR. ROSENTHAL: Just legislative.

ASSEMBLYMAN DEVERIN: If you take a preliminary vote, that will decide the discussion on the agenda?

DR. ROSENTHAL: Well, I mean, if everyone--

ASSEMBLYMAN DEVERIN: For instance, rather than going into a two-hour discussion on public--

DR. ROSENTHAL: Right. If everyone is opposed to public financing, I think a two-hour discussion is not very fruitful, and it would be better to spend that discussion time on things that -- where we'll have some impact.

ASSEMBLYMAN DEVERIN: Suppose it's a five/four?  
(laughter)

DR. ROSENTHAL: Why don't we-- Do you want to just take a show of hands right off? I mean, we have heard weeks of testimony.

ASSEMBLYMAN DEVERIN: Yeah.

DR. ROSENTHAL: We have heard arguments. We have presumably read a variety of documents, so that-- Although, we may have started out as neophytes, we are now neophytes plus some.

MR. STANTON: Now we're confused neophytes. (laughter)

DR. ROSENTHAL: Now we're confused neophytes. So, why don't I ask for a show of hands on public financing? How many would favor a public financing system?

MR. BURSTEIN: I think it's a little more complicated than that, Alan, frankly. (laughter)

ASSEMBLYMAN DEVERIN: It is, yeah.

DR. ROSENTHAL: You sound like an academic, Al.

MR. BURSTEIN: God almighty.

DR. ROSENTHAL: I'm sorry. I didn't mean to put you down.

MR. BURSTEIN: Let me tell you, I'm going to change my act if that's what that-- I think that there are both long-term and short-term answers to that same question. For the short term, I think it's obvious that-- And I happened to have started out, a long time ago, as a proponent of public financing of all campaigns for public office. But I back off a little bit from that position now.

I think that for the short term, insofar as public financing of legislative elections is concerned, that it's almost unthinkable to make that kind of a recommendation, given the costs that would be involved. Even if you had taxpayer checkoff as a mode of financing, you still have to look to the State budget because that's a subtraction from the income coming into the State budget. And, given the present climate, I simply think that it would be an act of futility on our part if we were to make that type of recommendation for the immediate--

The long term -- that's another story -- and if we want to make suggestions for the long term, fine. I'm not so sure that that's really what we're here to do. We can talk in philosophical terms about what would be ideal, and to some extent, I guess, public financing does offer a kind of insulation from outside monetary influence that is beneficial. And I think the gubernatorial finance system, when it started out, served that very purpose. But if we do go into public financing as a recommendation, it seems to me further that there have got to be a lot of other questions answered at the same time that focus particularly upon the source of money to other entities that ultimately get into a campaign, and that is where I think there's been a breakdown on the gubernatorial

level and where I think the same thing would occur at the legislative level, multiplied many times over.

So that, I guess what I come down to saying is, for the immediate, my answer would be, "No," but a long-range, much further study is required.

ASSEMBLYMAN DEVERIN: I agree with-- You know, I, too, am a strong opponent of public financing. I think that in the long run would be the solution, but I think if we are trying to decide this before Labor Day, before September, or whatever target date we've set for ourselves, that's all we'd really do, and not really decide the final solution or the way to do it. If we're going to do it, I think we ought to look at it a longer period of time, rather than try to do it in just a vote around this table saying public financing, without all the mechanics of it.

That's what worries me. I think it's the right way to go, but I'm afraid that we would just waste a lot of effort here.

DR. ROSENTHAL: Any other views? Senator?

SENATOR DiFRANCESCO: I don't have an opposing view. I had an open mind. I know that Tom favored public financing from the inception of our meetings, and I really had not thought much about it, but I'm impressed by -- and I wanted to point out -- the fact that the experts that we chose to bring here-- Three out of four said they're opposed; one has fudged. She said, you know, "You'd have to tailor your public financing program to your State," and to date the results in other states have not been in any way favorable.

There were witnesses who testified that they favored the idea of public financing, but in terms of the details they weren't, I didn't think, very clear on the details. I think that I'll just reiterate the one comment I had; that is, I'm concerned about spending a lot of money, as Al is, on a mere handful of districts that are pretty competitive, wherein

probably the incumbent has the advantage in the form of public financing anyway.

So I, you know, don't think that we need to spend a lot of money in 25 or so, so-called safe districts. And every map you draw with legislative redistricting will have at least that many safe districts -- so-called safe districts -- and those people are not going to need the money. The process of picking candidates is such that once a party in a district in an urban area, or an area such as mine, chooses the nominee, that nominee generally, 99% of the time, becomes the elected official, and I wouldn't need public financing, although whoever had my seat would take it anyway and spend it, I think, unnecessarily.

So, I would oppose it, and I just thought I should add that because in the record it's reflected that way.

DR. ROSENTHAL: I have problems with public financing, too. I think in theory and in concept it makes some sense, but I think in practice it hasn't really worked at the legislative level. I don't think it's the same at the legislative level as it may be at the statewide gubernatorial level. The problem, as has been suggested by some people, is that the candidates in competitive districts will opt out of the system, because when there is real competition between the two parties for control of the house or the Senate, they can't afford not to go all out. So in the competitive districts it costs money to compete. I mean out there -- and I think Salmore (referring to Dr. Stephen A. Salmore, witness at previous hearing) said this -- in an election, you know, when you pay for a campaign manager, when you pay for media, when you pay for direct mail, when you pay for polling, it adds up, and when you try to get your messages across repeatedly.

So, I think the parties are just going to compete and opt out of the public financing system, and then I think your public financing will go to the more or less safe seats, and

will probably give an opponent, in what is considered a relatively safe district, more of a leg up.

Yeah, Mike?

MR. COLE: Yeah, I agree with what you said and what Senator DiFrancesco said. I started out favoring public financing because I thought that was the only way to achieve expenditure limitations. As we've discussed it, I've become more and more convinced, for the reasons you've indicated about competitive districts -- people opting out of the system -- that public financing isn't going to achieve that goal anyway. To me, that was the only real reason to have it. I'm now convinced it probably wouldn't work to hold down expenditures. As Senator DiFrancesco says, it will probably result in greater expenditures in safe districts, and won't have any control in competitive districts because they'll opt out.

I don't see any way to make it a mandatory system. It's going to be voluntary, so those problems are always going to be present. So, I've turned around on that. I just don't see it being workable now.

DR. ROSENTHAL: Tom?

MR. STANTON: Since everybody seems to be explaining their vote, I will too. I've been on other commissions, and you, obviously, sometimes make recommendations which you know can't be followed, but for the future and for the record you've got to get them on. So, I mean, short haul, this would be a disastrous recommendation. I also feel that way for the long haul. I'd be against it both ways. I just wanted to say that.

DR. ROSENTHAL: Pat?

MS. SHEEHAN: Well, I agree with Tom. I think that we have a real problem. There's no question about perception out there, and the whole question of campaign, electoral politics, and all the rest of it. But it just seems to me, not only in the short term but philosophically, that I have very real problems with public finance. When you look at the-- I mean,

in the real world out there I think it's much more difficult to try to get people involved -- involved in working on campaigns; involved in contributing to campaigns; involved in the whole process. And the fact that the number of people that bother to vote is going down and down. And when you superimpose the idea of public finance, suddenly, I mean, it's just another reason why people, voters, aren't needed in the process. And to me, public finance is paying someone to run; paying to feed their ego. It is just discouraging fuller participation on the part of the public. I think we've got problems and we've got other ways to try to solve them, but I don't think public finance is an adequate solution at all.

DR. ROSENTHAL: Assemblyman?

ASSEMBLYMAN HAYTAIAN: Al, I think I may be in the minority here, but as Minority Leader I guess that's the appropriate--

DR. ROSENTHAL: You're used to it, yes. (laughter)

ASSEMBLYMAN HAYTAIAN: Well, I don't want to get too used to it.

ASSEMBLYMAN DEVERIN: Get used to it.

ASSEMBLYMAN HAYTAIAN: But, I think a public financing system for legislative elections can work if we have a level playing field both in the primary and in the general election. Naturally, I look toward the primary, being in a "safe" district, and so, public financing, I believe, can work, will work. I think it unfortunately benefits the incumbent, and I think we all realize that. I guess I'm somewhat surprised at the public members when public financing-- I thought that is where the public members would be coming from. I thought that was the direction. And maybe we've had some real good discussions to change their minds.

Not only do I believe in public financing, but as I indicated earlier on -- and that's not our charge -- I believe in a full-time Legislature with public financing attached to it. I assume, based on what I've heard, that I may be in the minority here.

DR. ROSENTHAL: Senator Orechio, do you want to state your views and then we'll just take a vote?

SENATOR ORECHIO: Yes.

SENATOR DiFRANCESCO: Do you agree with Chuck?

SENATOR ORECHIO: No, I agree pretty much with Al -- partially. Even long term, I think-- Public financing I don't think is the way to go. I also think the purpose of public financing, at least as it was advocated when it was considered and is now for the gubernatorial elections, is to control influence in a sense. And I don't think with 120 members of the Legislature that public financing is going to really justify the ends or the means.

SENATOR DiFRANCESCO: Al, at the risk of saying something twice, I'll just add that there might be a benefit. I mean, if my opponent could do a mailing, talking about my record could hurt a lot.

SENATOR ORECHIO: What record? (laughter)

SENATOR DiFRANCESCO: It could benefit-- Exactly, exactly my point. It could benefit in that it could give some funds to a candidate to tell the truth about the incumbent.

MR. STANTON: Speaking hypothetically, though.

SENATOR DiFRANCESCO: Yes.

DR. ROSENTHAL: Well, I think we've stated our views and it seems to me that there is a consensus as to whether or not we should go on and recommend that. Frank, would you state the question and then take the roll on the question?

MR. PARISI: Okay. The question is, it seems: Shall the Commission recommend that the public financing of legislative elections be adopted? I'll call the roll.

Assemblyman Haytaian? You may answer yes or no, or just abstain.

ASSEMBLYMAN HAYTAIAN: Yes.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: No, I guess. (laughter) No, no, not at this time. Is there a "Not at this time"? (laughter) Or a "Definite maybe"?

MR. PARISI: You may abstain.

ASSEMBLYMAN DEVERIN: No, no.

MR. PARISI: No.

DR. ROSENTHAL: We don't have to grieve this like a Legislature, not at this time, where you can get a 60% "no", and a 40% "yes," if you want.

ASSEMBLYMAN DEVERIN: Or a "definite maybe."

ASSEMBLYMAN HAYTAIAN: Then you have an override.

MR. STANTON: You get one, "Oh, shucks."

MR. PARISI: So, that's a no then? (laughter)  
Senator DiFrancesco?

SENATOR DiFRANCESCO: No.

MR. PARISI: Senator Orechio?

SENATOR ORECHIO: No.

MR. PARISI: Tom Stanton?

MR. STANTON: No.

MR. PARISI: Patricia Sheehan?

MS. SHEEHAN: No.

MR. PARISI: Mike Cole?

MR. COLE: No.

MR. PARISI: Al Burstein?

MR. BURSTEIN: No.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: No. Well, we've gotten through three-and-a-half pages of Frank's questions.

MR. PARISI: For the record, there are a total of--

MR. BURSTEIN: Not only will you be able to catch your plane, you can get a train and a bus. (laughter)

MR. PARISI: --eight votes for "no," one vote "yes."

SENATOR ORECHIO: I guess it proves that Chuck is still in the minority.

ASSEMBLYMAN HAYTAIAN: I guess it does.

DR. ROSENTHAL: Now I think we're going to have to deal. The second issue I think we can bring up is: Would we like to establish contribution limits? And it seems to me if we do want to establish contribution limits, we would have to consider primaries, generals. We would have to consider contributions from individuals, from PACs, from corporations. We may want to consider whether contributions from corporations and labor unions should be not permissible, but the entire area of contributions, where they come from, where they go to, and how much. I throw that open for discussion.

I think the first question is, I mean, do we want any limits at all? That is a position, as Sabato (referring to Dr. Larry Sabato, witness at previous hearing) said where, "Less is more." If we don't want any limits at all, we ought to arrive at that. I mean, we could get out of here by 10:00. (laughter)

But if we want no limits at all, we ought to see fairly soon. But if we do want limits, then we're going to have to get down to the details and particulars.

Any views on contribution limits?

ASSEMBLYMAN DEVERIN: I think we ought to have them, Mr. Chairman. I'm not sure if they ought to be too small to persuade and meet the concept, but there ought to be some limit as to what one particular person or particular group can give to a campaign. I realize again we get back to the safe district and the unsafe district, but I'm never sure what a safe district is, and I'm never sure that those who contribute should be the ones to decide which is a safe and which is not a safe district. I think that's always been a problem, so I think we ought to have some kind of a campaign limit.

DR. ROSENTHAL: Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Well, I believe we should not have contribution limits for municipal, county, State, and

legislative campaign committees; meaning the Democratic Assembly Campaign Committee, the Republican Assembly Campaign Committee, and the Senate, or a very high contribution limit, because by doing that I think we could then have contribution limits for individual candidates, and that is really what I think we should be looking at.

So, if we take the continuing party committees, or the CPCs -- I guess that's the continuing political committees' reports-- If we limit the party at the State level, the municipal or county level, then we have a major problem, I think, in functioning in campaigns. So I would say that we have to look at it as a twofold problem: One at that level, and then the second at a candidate level. I think we could then look at the candidate level and limit expenditures, and I believe that is what the public is looking for.

DR. ROSENTHAL: Limit contributions.

ASSEMBLYMAN DEVERIN: If I might rephrase--

ASSEMBLYMAN HAYTAIAN: I'm sorry, contributions. Did I say "expenditures"?

ASSEMBLYMAN DEVERIN: --what I said before. I mean the individual candidates. I don't mean to belittle--

SENATOR DiFRANCESCO: No, let me correct-- Do you mean that you should limit contributions to those committees, or from those committees?

ASSEMBLYMAN HAYTAIAN: No, no. What I'm saying is, there should not be limits to those--

SENATOR DiFRANCESCO: On how much that committee may contribute to a candidate.

ASSEMBLYMAN HAYTAIAN: Or also receive.

SENATOR DiFRANCESCO: Or receive?

ASSEMBLYMAN HAYTAIAN: Yes.

SENATOR DiFRANCESCO: Okay.

ASSEMBLYMAN HAYTAIAN: In other words, I don't believe that at that level, the State party level, the county party

level, and the legislative party levels, meaning the Assembly Republicans, Assembly Democrats-- At that level, no, I don't believe there should be contribution limits. But at the candidate level, I believe we could then have it, if we don't limit it at that--

SENATOR DiFRANCESCO: Are we focusing just on legislative elections?

DR. ROSENTHAL: Yeah.

ASSEMBLYMAN HAYTAIAN: Yeah.

DR. ROSENTHAL: Whatever recommendations we make, the Legislature can add on other levels of government, but I think we ought to focus just on the Legislature.

SENATOR DiFRANCESCO: We are not discussing limits on municipal elections.

ASSEMBLYMAN HAYTAIAN: Except that-- Let me just say that at the county level-- (two or three members of Commission speaking at once here; some comments indiscernible to transcriber)

Yeah, and there are counties that do help legislators in their campaigns. So I think if you are going to look at the legislative level, then you have to look at the county level and the State level. You may not want to look at the municipal level, although there are some campaigns where if you have a municipal election during a legislative election, you have the transferring of moneys between them. You have advertisement that is joint between them. So, you have to look at all levels. I truly believe that.

MR. STANTON: Are those contributions reported?

ASSEMBLYMAN HAYTAIAN: Excuse me?

MR. STANTON: Those contributions--

ASSEMBLYMAN HAYTAIAN: Oh, yeah, sure. All contributions and expenditures should be reported.

DR. ROSENTHAL: Is that right?

ASSEMBLYMAN HAYTAIAN: Sure.

SENATOR DiFRANCESCO: We don't know where the reports are, but they are reported.

MR. STANTON: And then the reports go the other way, from that committee back into an individual legislative committee?

ASSEMBLYMAN HAYTAIAN: They are supposed to; that's right. There should be a paper trail of expenditures.

ASSEMBLYMAN DEVERIN: If one of those committees make a contribution to a candidate, the candidate has to report it.

ASSEMBLYMAN HAYTAIAN: That is correct.

DR. ROSENTHAL: Al?

MR. BURSTEIN: Yeah. I would agree that there ought not be any restrictions on the amount of money a State political committee can turn over to a particular candidate, because that is one of the mechanisms by which candidates in tough districts can raise money, or can get money to fund their campaigns, when they might otherwise not have that type of availability.

However, if you are going to have-- If you are going to accept the theory of contribution limits to allow a hole by means of placing no limitations on contributions to those State committees, I think is exactly what has been happening in the gubernatorial races; which means that, in turn, it has made a shambles of the public finance system, because so much money is coming outside that system by means of the unrestricted contributions to the so-called "campaign committees."

It seems to me that we ought to have contribution limits both to the individual candidate, as well as to these special political committees, whether it be the formalized State committees of the respective parties or any PACs that are created for the purpose of elections.

But, those limitations ought to be generous. Perhaps we ought to think in terms of a kind of aggregate of contribution limitations that would relate to a combination of

both primary as well as general election contributions, so that if you, as an example, wanted to give money to candidate "X" in the primary, you could do so, and then if candidate "X" was successful in the general election, likewise make a contribution to that candidate. But the aggregate should be limited in some generous way, whether it be a total of \$5000, or whatever the dollar amount might be, nonetheless, have that as a mechanism by which you could portion out your money, if you so desired. Then tie in those contribution limits, because they tend to become too rigid after a period of time, into a CPI Index, or something of that sort, so that those amounts can be expanded as time goes along.

DR. ROSENTHAL: You wouldn't limit what an individual could contribute to all party committees and all candidates?

MR. BURSTEIN: Yes, I would.

DR. ROSENTHAL: Oh, you would?

MR. BURSTEIN: I would, because otherwise I think that becomes a hole as wide as your mouth.

DR. ROSENTHAL: In other words, so that an individual can contribute \$10,000 in an election cycle, let's say, whatever the figure is, but that \$10,000 then has to account for all candidates, all party committees.

MR. BURSTEIN: No, no, I wouldn't go that far.

DR. ROSENTHAL: Okay.

MR. BURSTEIN: I would say that there would be individual contribution limitations for a candidate, and an individual contribution limitation to a State political action committee, of whatever sort, or State party committee, but you wouldn't aggregate those two items.

DR. ROSENTHAL: In other words, I could contribute to 120 legislative candidates--

MR. BURSTEIN: Exactly, exactly.

ASSEMBLYMAN HAYTAIAN: So, donor "X" can contribute to the State party, to the county party, to the Assembly Republican Party, for instance, and to the candidate.

MR. BURSTEIN: You may do so, yeah.

ASSEMBLYMAN HAYTAIAN: And there is no aggregate limit you are placing on it?

MR. BURSTEIN: Not on that.

ASSEMBLYMAN HAYTAIAN: Not on that. But there will be limits on each one of the particular donations.

MR. BURSTEIN: Correct, correct.

ASSEMBLYMAN DEVERIN: What aggregate are you talking about?

MR. BURSTEIN: Sorry?

ASSEMBLYMAN DEVERIN: What aggregate are you talking about?

MR. BURSTEIN: Well, I don't know. That's a number we--

ASSEMBLYMAN DEVERIN: I mean, you did talk about an aggregate.

MR. BURSTEIN: I suggested to the individual candidates something like \$5000, but--

SENATOR ORECHIO: If we are talking about contribution limits and which groups can do that, wouldn't you also have to talk about the transfers, and if there should be a lid on that, and what that degree should be as well, because I think you can't have one without the other?

DR. ROSENTHAL: Well, that was a different subject, but it affects this, so it can come up -- transfers of funds, too.

MR. STANTON: May I ask a question?

DR. ROSENTHAL: Yeah.

MR. STANTON: Can you tell us broadly, Fred, how many people have given a six-figure contribution, let's say?

F R E D E R I C K M. H E R R M A N N, P H . D . : A six-figure contribution?

MR. STANTON: Yeah.

DR. HERRMANN: To all candidates, or to committees?

MR. STANTON: To the committees, or let's say even in the territorial race to individuals?

DR. ROSENTHAL: Fred's budget isn't high enough to accumulate that information.

ASSEMBLYMAN HAYTAIAN: No, no, that's easy. Wait a minute, that's easy. I can answer that. Look at last year's---

ASSEMBLYMAN DEVERIN: What level are you talking about?

MR. STANTON: Well, at the committee--

ASSEMBLYMAN DEVERIN: Not the gubernatorial.

DR. ROSENTHAL: What is the answer?

DR. HERRMANN: The answer is, if there is some of that activity going on to individual candidates-- I don't believe it is going on. I don't think we are aware of it.

DR. ROSENTHAL: Fred, could you sit at the table, so we can get you in the transcription?

DR. HERRMANN: (complies) We have seen some contributions at that level going to statewide party committees.

MR. STANTON: Yeah, that is what I thought.

DR. HERRMANN: Even there, it is fairly rare.

MR. STANTON: Yeah.

DR. HERRMANN: But it does go on. Obviously, if you are talking about the gubernatorial candidates, we have the \$1500 limit, so it is not going on there. With legislative candidates, the highest contribution I can recall -- say in the past decade -- was about \$30,000.

ASSEMBLYMAN DEVERIN: By an individual?

DR. HERRMANN: That was by a PAC, I believe.

MR. STANTON: Maybe we can get down to something more specific, and maybe that is not the right method, but just a matter of what is in the press. The National Rifle Association says, "We are going to really be in there this next election." Suppose they dumped in half a million dollars, just to use a crazy number?

DR. ROSENTHAL: If one of the reasons for contribution limits is to try to ensure that no individual or group makes such a large contribution that the individual legislator is beholden or obligated--

UNIDENTIFIED MEMBER OF COMMISSION: Because something like that could backfire, too, obviously.

DR. ROSENTHAL: If the contributions are made to the party, or to the leadership PAC, that insulates individual candidates from the contributor.

ASSEMBLYMAN HAYTAIAN: Not necessarily, and I will tell you why it doesn't. If you have five or six targeted districts and they are really hotly contested, a lot of the moneys that come into leadership PACs or into party committee PACs are going into those districts. So, it doesn't really--

DR. ROSENTHAL: But the candidate in that district doesn't know who is contributing.

ASSEMBLYMAN HAYTAIAN: You're correct. That insulation is there, yes.

DR. ROSENTHAL: So, I mean, that is the insulation. The candidate can find out, but I would imagine the candidate would rather not know. Now, some lobbyists have said to me that they are opposed to any kind of leadership PACs because they want to know where their money goes, and when they give to a leadership PAC, they are never sure where it goes, and it could obviously go to somebody who is opposed to it.

ASSEMBLYMAN HAYTAIAN: Well, I think if you talk to legislators, and you talk to -- well, maybe not the public yet, because I don't think they are educated to this-- I think people would be more inclined-- If legislators are going to be beholden to anyone -- and I don't believe that is the case -- they would be beholden to leadership, rather than to lobbyists. Rather than talk about lobbyists and their special interests, I would rather take, I'm sure, again--

SENATOR ORECHIO: So, the lobbyist uses the PAC.

MS. SHEEHAN: Alan?

DR. ROSENTHAL: Yes?

MS. SHEEHAN: Could you have the limits in terms of contributions, and perhaps a different level of limit for each category, not only to the candidates, but also in terms of contributions to the party committees? In other words, Pat Sheehan could give "X" dollars to a candidate -- however many candidates she chose to, and so on -- the same "X" dollars, or perhaps a different "X" to the New Brunswick municipal or the statewide legislative party committee, or whatever, and so could the J&J PAC, or the Merck PAC or the Rifle Association have limits, and not have any limits in terms of what those party committees could give to a particular candidate, so that they could zero in on the competitive races, or give their boost to the challenger who couldn't raise any money.

So, have no limits on what the party committee can give to a candidate or to transfer from leadership to a candidate. But have disclosed the same level of limits to everyone. I think that is what people want to know: Who is giving, and how much they are giving. That is what we have to try to get to.

DR. ROSENTHAL: Assemblyman Haytaian, you were suggesting something along those lines, but with higher limits on leadership PACs or on party committees.

ASSEMBLYMAN HAYTAIAN: That is correct. I really don't--

DR. ROSENTHAL: But no limits or higher limits.

ASSEMBLYMAN HAYTAIAN: I didn't address leadership PACs, I mean, unless we are talking about the--

DR. ROSENTHAL: The Assembly PACs. I meant Assembly PACs.

ASSEMBLYMAN HAYTAIAN: The Assembly, yeah. Those are quite different than leadership PACs. But, yes, I agree.

DR. ROSENTHAL: Senator?

SENATOR DiFRANCESCO: So, Pat, with your proposal, we pick a number. Let's say it is \$1000. You can give \$1000 to as many candidates as you would like, or as many PACs or associations as you would like. But as an individual, you are only giving \$1000 to each one. Is that what you are suggesting?

MS. SHEEHAN: Right, right.

DR. ROSENTHAL: Or, you could have different amounts.

MS. SHEEHAN: Maybe it should be \$500 at one level and \$1000 at another, but an individual limit.

SENATOR DiFRANCESCO: Maybe, you know, a PAC should be a different number; maybe a party--

MS. SHEEHAN: Right, right. But, in turn, the party committees have no limitation on how they spend their money.

DR. ROSENTHAL: Now, another issue here is: Would you agree that the contribution limits should apply both to primaries and to general elections, and that we are dealing with both elections, and not just general elections?

MR. COLE: If you can give to 120 candidates, and if you can give to an infinite number of PACs and party committees, whatever, I don't know how we are ever going to address the problem of one individual having too great an influence on the political process. Theoretically, 120 candidates, even at \$2000 a candidate, is \$240,000. You can have an infinite number of PACs, I suspect. I think there is a lot of merit in having an aggregate limit on how much any single individual can give. That can be high, but I think there has to be some ceiling on it.

ASSEMBLYMAN DEVERIN: In total, or in one particular candidate?

MR. COLE: No, total political contributions.

ASSEMBLYMAN DEVERIN: One particular candidate.

SENATOR DiFRANCESCO: Like, per year, or per cycle?

MR. COLE: Per election cycle per year.

MR. BURSTEIN: Wouldn't that also, then, have to apply to organized committees, not just to an individual? The same principle would apply.

ASSEMBLYMAN HAYTAIAN: I think we can ask Fred the question. Fred, the highest donor, PAC or individual, in the last legislative election-- Can you recollect that?

DR. HERRMANN: I think there were a number of contributions that went up as high as about \$20,000.

ASSEMBLYMAN HAYTAIAN: No, no, the total, in the aggregate. For instance, NJEA or the Builders or the Dental Association. Which PAC was the highest?

DR. HERRMANN: We had -- I don't know if we have it with us in-- We had a PAC press release which would have told how much was spent. We can get that information to you.

ASSEMBLYMAN HAYTAIAN: As I remember it, I don't think it exceeded \$120,000, or \$110,000, total. So, first of all, the premise that even a PAC would donate to all 120 legislative candidates is unfounded. That doesn't happen, not in reality.

Secondarily, you'll see that they do look at the people they are supporting. They make a very conscious effort to look at who they are supporting.

MR. COLE: A lot of that, Chuck, is tie-ins with transfers. The only way to get the money in is to give it even to a safe district, so that person can, in turn, transfer it to a competitive district. You may have an incentive. I don't see what great philosophical harm there is to having an aggregate limit on one individual's--

DR. ROSENTHAL: Can you limit the amount of money, then, that an individual will give to independent committees? Fred, can you limit the amount of money that an individual will give to independent committees?

DR. HERRMANN: Sure.

DR. ROSENTHAL: You can?

DR. HERRMANN: You can have a contribution limit anyplace you would like.

DR. ROSENTHAL: So, in other words-- The question is: Can you stem the flow, because you don't want to just

drive the flow into the ground? You want to be able to stem the flow. You would want to do that and limit the aggregate total.

ASSEMBLYMAN HAYTAIAN: How about the individual to himself or herself? What about that?

DR. ROSENTHAL: Constitutionally, you can't do that without public financing.

ASSEMBLYMAN HAYTAIAN: Therefore, as soon as we talk about a limit, we've got to take a wealthy candidate who is not on a level playing field, but a Chuck Haytaian, who is not a wealthy candidate.

MR. BURSTEIN: Exclusive of politics, he is not on a level playing field either. He can buy and sell me.

ASSEMBLYMAN HAYTAIAN: I agree, but I would hope we are looking to make this a level playing field, as well.

DR. ROSENTHAL: Isn't that true, you can't limit what an individual can give to his or her own campaign?

MR. BURSTEIN: No, you can't. A wealthy person can--

ASSEMBLYMAN DEVERIN: Can you really tell me, or tell any individual, that I can't spend my money the way I want to spend it? Not on myself, but can you tell me if Al Burstein is running for President, or for Senator, that I can't give him whatever--

MR. BURSTEIN: I accept the contribution.

ASSEMBLYMAN DEVERIN: Can you really limit what I can give?

DR. ROSENTHAL: Yeah, we can do that.

UNIDENTIFIED MEMBER OF COMMISSION: Yeah, legally you can do that.

MR. STANTON: You have that now under Federal law.

ASSEMBLYMAN DEVERIN: Yeah, that is because that is public money involved.

DR. ROSENTHAL: Fred, do you know offhand which states, or how many states have aggregate limits on

contributions so that an individual and a PAC can give in toto only a certain amount of money?

DR. HERRMANN: I don't know the exact number. See, Frank is pointing out the COGEL Blue Book. Some states do that. I mean, it is a mainstream sort of suggestion. Not only do some states do it, but other states have been proposing it. So, it can be done.

ASSEMBLYMAN DEVERIN: Fred, it's been tested that you can limit individual contributions.

DR. HERRMANN: You can have contribution limits, Assemblyman. The problem with the Buckley decision is that you cannot limit expenditures, unless there is a quid pro quo like public financing or free television or free postage, and then it is voluntary. I think Assemblyman Haytaian and Gregg Edwards were asking me about the gubernatorial program here, and I reminded them that that is a public financing situation. We did tell our gubernatorial candidates, in the primary and the general, that they may only spend \$25,000 of their own money. The reason we can constitutionally do that is because we have public financing and they are voluntarily doing that, because they agreed to accept the public money.

MR. EDWARDS (Assembly Minority Staff): Alan?

DR. ROSENTHAL: Yeah?

MR. EDWARDS: Let's say that the enforcement factor has to be raised here. If you go to aggregate limits that an individual or a committee can give to candidates, etc., I suspect that ELEC would have to make that its number one priority in terms of tracking all contributions, because in a sense, by the time you look at the situation, the horse is out of the barn door, even though--

DR. ROSENTHAL: You can only do it after the election. You can't have it--

MR. EDWARDS: It would have to be-- Really, it has to be ongoing, too. I mean, I would think any candidate should

have the right to go to ELEC, and say, "Tell me how much John Doe is giving to candidates across the State, because I know he is contributing to my opponent." If ELEC can't provide that answer at that very moment, then I think that that candidate is being done a great disservice. And I don't know that they are up to that today.

MR. BURSTEIN: With your computers, can't you easily--

MR. EDWARDS: Not without the money.

MR. BURSTEIN: In the age of computers, can't you easily program that kind of a system?

ASSEMBLYMAN HAYTAIAN: Yeah, but we have to give them the money to do it. They don't have the dollars to do that.

DR. ROSENTHAL: Basically--

ASSEMBLYMAN HAYTAIAN: We can talk about that, because I have notes on that. I want to give them a constitutionally set limit on how much they are going to get, and raise it.

MR. BURSTEIN: Everybody was given the--

DR. ROSENTHAL: --if you are dealing with aggregate limitations, then ELEC will have to keep a running tally on every contributor in the computer, to make sure that that contributor doesn't go over the specified amount. Secondly, if the person does, you can't really be sure until after the election when all the numbers are in anyway.

ASSEMBLYMAN HAYTAIAN: What do you do at that point? Do you say that candidate "X," who was elected to be an Assemblyman, is no longer an Assemblyman, because the--

DR. ROSENTHAL: Well, candidate "X" isn't responsible for someone's contribution going over the limit. You can't hold a candidate accountable for people contributing in the aggregate over the limit.

MR. EDWARDS: Tell that to a loser.

ASSEMBLYMAN HAYTAIAN: Yeah, that's right, tell that to a losing candidate.

DR. ROSENTHAL: Fred, do you have a comment on enforceability here?

DR. HERRMANN: Well, I think it is theoretically correct. If we had enough staff, we could put all the stats into the computer, which is what you would have to do. If I gave, as a contributor, some money to municipal candidates, and I gave some money to some legislative candidates, and I gave some money to some PACs, that would all have to be in the computer, obviously, for the computer to be able to tell us what was being done. That would be -- even in a world where we had a lot more funding -- a very difficult task, and certainly would be something in a preelection setting you wouldn't have.

Now, I don't know if you would need it in a preelection setting, because again we are talking in this case penalizing somebody who is a contributor. They are not running for office. It wouldn't be the candidate's fault. I mean, there is no way I would expect a candidate to say, "Wait, didn't that person give \$25,000 in toto, and he just gave me a check for \$25? I shouldn't take it." I mean, that wouldn't happen.

But, theoretically, yes, the more data we got into the computer-- The computer is capable-- The program is capable of telling us who contributed. They could say, "Who did Fred Herrmann give to?" Hopefully there wouldn't be an answer, it would add up and--

DR. ROSENTHAL: But, I think you have to assume that most people would abide by the law. And secondly, if they didn't abide by the law, there would be a fine, presumably, and there would be a public accounting. It would not affect the outcome of an election.

DR. HERRMANN: By putting it into the law-- I mean, one of the purposes of law is to give people directives and guidelines. We still have murder in this State, and yet we

have laws against murder. But hopefully it is deterring a lot of people from acting that way. It is a way of society saying to people, "You shouldn't be doing this." If we have a campaign act that has certain proscriptions, most people are honest; most people will obey them. At least people will know what good behavior is expected of them.

DR. ROSENTHAL: Pat?

MS. SHEEHAN: Couldn't you accomplish the same thing with the individual limits that we were talking about earlier, or schedule of limits, however we work that out, and not use an aggregate? I mean, the examples that we are worrying about are prohibiting people from dividing up their money and giving to 120 legislators, knowing that it is going to be shuffled around after that. If you had disclosure, it would be easier to see if it were reported and disclosed in a proper way that suddenly Pat Sheehan is a major contributor or a contributor at the max for all 120 districts and party committees and so on, and blow the whistle that way, than to set aggregate limits because you have to set them high enough to cover my concern for my local candidate, my State candidate, and whatever I wanted to do for the party, and then, you know, worry--

I mean, you have this big reporting system and, you know, the clock ran out and I'm \$25 or \$250 over, and what is the limit? I mean, it seems to me that aggregate limits are a difficult enforcing procedure to catch the stray deviations, if you will, and that we could do it solely by publicizing limits; who supports each of the 120 candidates, rather than try to set up this elaborate, time-consuming machinery that I don't--

SENATOR DiFRANCESCO: How do you enforce it in the gubernatorial? Do you even look at that?

DR. HERRMANN: Well, we don't have aggregate limits in the gubernatorial.

SENATOR DiFRANCESCO: You have a limitation.

DR. HERRMANN: Oh, yeah.

SENATOR DiFRANCESCO: How do you know whether or not I abided by that limitation?

DR. HERRMANN: If you were running for Governor?

SENATOR DiFRANCESCO: If I was contributing to a gubernatorial race.

DR. HERRMANN: Oh, okay. The only limitation, of course, now, is the \$1500 contribution limit.

SENATOR DiFRANCESCO: Right. How do you know I didn't give more than \$1500?

DR. HERRMANN: Well, because we've required that the candidates give us every dollar that they bring in. It is put into the computer and we have it there, and we check it. In terms of the staffing we have, we have adequate staffing. We always have had for the gubernatorial program. We had more data entry operators for that program than we had for everything else.

SENATOR DiFRANCESCO: So you would know whether I gave more than \$1500 to--

DR. HERRMANN: Oh, yes. Oh, absolutely.

DR. ROSENTHAL: But you could have given as much as you wanted to a party, right? But that's also listed?

DR. HERRMANN: Well, under current law he would be allowed to give, as a contributor, any amount. That's right.

DR. ROSENTHAL: But it would be reported?

DR. HERRMANN: It would be reported, yes.

DR. ROSENTHAL: So we can establish how much you've given.

DR. HERRMANN: Yes.

ASSEMBLYMAN HAYTAIAN: But, Alan, why don't we focus in on what our mission in life here is? Are we worried about those who are contributing or those who are receiving? It seems like we're worried about aggregate limits; those are the people who contribute. Are we worried about the candidates and

what they receive? I think, really, that's what happens in the gubernatorial election. The gubernatorial candidate lists what he or she receives and they're not worried about the aggregate given by a contributor.

I think we get into some real difficult territory when we talk about the contributor and the aggregate of that contributor, but I think we can talk about the candidates. That's easier and that is enforceable. That has a direct relationship to the candidate in that election.

DR. ROSENTHAL: The issue -- and I think I am speaking for Mike -- that he posed-- The issue is the influence of any contributor on candidates -- on candidate or candidates -- and if an individual or a group can give a lot of money -- an unlimited amount of money in the aggregate, somehow that will influence party, party -- legislative party, and the candidates in that party. Is that what--

MR. COLE: Yes.

DR. ROSENTHAL: The influence is still felt even though the money doesn't go directly to single candidates. Or it goes to a lot of single candidates and then gets channeled to the party leadership.

MR. COLE: That's exactly it. The Federal government has had limits for 15 or 16 years, maybe more. They enforce it, I would assume, surely. So there must be a way to do it.

UNIDENTIFIED MEMBER OF COMMISSION: That's why Steinbrenner went to jail.

ASSEMBLYMAN HAYTAIAN: Yeah, but how much money do they have to enforce it? I mean, that's really what I think is going to be difficult for Fred and ELEC -- the tracking of it, unless we are prepared to satisfy their requirements and time and money and people. I mean, that's really what it comes down to. If we're ready to satisfy that as a Legislature, and as a Governor, then sure, we can do it. Let's face it; it's being done and it can be done. I don't know if we can satisfy that,

and if you don't satisfy it and you put the limits on, then you really don't have a system.

MR. COLE: I suspect, as we go through this, people are going to talk more and more about disclosure being critical to everything we talk about. I, for one, have no difficulty recommending that ELEC gets reasonable funding to do this. I don't know if we can ever satisfy Fred. (laughter)

ASSEMBLYMAN HAYTAIAN: I think we can.

MR. COLE: At least I'm reasonable about it.

ASSEMBLYMAN HAYTAIAN: Mike, I agree with you, but we have not, to this day, accomplished that, because he's constantly having problems, and ELEC-- I've been filling out forms since 1974. When I get involved in all the paperwork involved, either I stop doing that and I hire an accountant and an attorney to take care of those things, or we always find problems with compliance. That becomes a major problem for all of us.

So, you know, I think the more difficult we make it, the harder it becomes for him to track, and he needs the--

MR. COLE: Resources to do it.

ASSEMBLYMAN HAYTAIAN: --resources to handle the problem.

DR. ROSENTHAL: Let me ask another question. This is a bit of a departure, but I want to put this out because it fits in with the rest: Is there any disposition here to eliminate contributions from corporations, other than through PACs or labor unions?

MR. BURSTEIN: I don't think so because if you're not going to provide public financing, there have got to be sources of financing. I don't see putting limitations on either corporations, or especially organized PACs or anything else.

DR. ROSENTHAL: No, no, no, not PACs. I'm saying corporate contributions--

MR. BURSTEIN: Corporate, if you're talking solely--

DR. ROSENTHAL: --can be illegal. Labor contributions can be illegal, except through PACs.

MR. BURSTEIN: I wouldn't put limitations.

MR. STANTON: Well, certainly right now there's specifications. I mean banks cannot give, utilities cannot give.

MR. BURSTEIN: Yeah. That's by statute.

MR. STANTON: By statute, all right. Okay.

DR. ROSENTHAL: There is no feeling to change things in that direction. Leave it as it is.

MR. STANTON: No, I think-- I like that. I mean, I think PACs pick up the slack in that respect.

DR. ROSENTHAL: Pardon me?

MR. STANTON: I think the PACs pick up the slack in that respect. I don't think PACs should--

DR. ROSENTHAL: But you would not eliminate all corporate contributions--

MR. STANTON: No, no, I wouldn't.

DR. ROSENTHAL: --as they are now permissible?

MR. STANTON: Once again, as long as there is disclosure, I think there's--

MR. BURSTEIN: Look, under the Federal law you have, there's a bar against corporate contributions. I don't think that sanitized the Federal system very much.

MR. COLE: As long as those corporations and labor unions are subject to some kind of contribution limitation, I don't see any reason to change where we are now. I think, from Tom's standpoint, I wouldn't recommend a change in the other direction either, so long as today, regulated industries, banks, are now barred. I wouldn't recommend changing.

MR. STANTON: I don't think we've ever really had it in this State, but if you had someone with very deep pockets who had an issue that was tearing them up and they really wanted to go after it, and you had no limitations at all, an awful lot of money could be spent on television and--

ASSEMBLYMAN DEVERIN: The only time that corporations really spent money, was when S-400 was passed.

MR. STANTON: Well, that one, yes. That's true.

ASSEMBLYMAN DEVERIN: Then you spent it like there was no tomorrow.

MR. BURSTEIN: Tom, there are only two of us here who know what S-400 is. Maybe you ought to explain to the gentlemen--

DR. ROSENTHAL: I sense that there is agreement that there ought to be limitations on contributions. Is it possible to decide on what those limitations would be, and then to go on and consider whether we want also to recommend any aggregate?

But, is it possible to decide on what the limitations will be, or the contribution limitations will be for individuals, for PACs, and to individual candidates, to legislative party committees, and to State party committees?

ASSEMBLYMAN HAYTAIAN: Al, I think -- and again, maybe I'm focusing too much on this -- but I think it's important. I think if we can come to a conclusion that there will or will not be limits on State party organizations, county organizations, and, by the way, municipal also, because as Gregg pointed out to me, a mayor may be unlimited on the contributions that he has if we don't put a limitation on it, and then decide to run against an Assemblyperson, or a Senator. So we have to do it at all levels of campaign contributions.

If once we can indicate that those committees will not have limits placed on them -- the contributions -- then I think we can talk about candidates. I think, then, we can talk about limits on candidates.

MS. SHEEHAN: Do you mean limits--

SENATOR DiFRANCESCO: Limits on contributions to those groups, you're talking about?

MS. SHEEHAN: Or from them?

SENATOR DiFRANCESCO: Contributions to those groups?

ASSEMBLYMAN HAYTAIAN: Contributions to the groups, that's correct.

SENATOR DiFRANCESCO: You don't want limits?

ASSEMBLYMAN HAYTAIAN: No, I don't believe we should.

DR. ROSENTHAL: No limits? Not even high limits?

ASSEMBLYMAN HAYTAIAN: Not for those committees, that's correct.

DR. ROSENTHAL: Let's take that proposition before we get to individual candidates.

SENATOR DiFRANCESCO: Can we restate the proposition as to what we are talking about?

DR. ROSENTHAL: Well, we're talking about--

ASSEMBLYMAN HAYTAIAN: State party committees.

DR. ROSENTHAL: --State party committees, county and municipal party committees, and legislative party committees.

ASSEMBLYMAN HAYTAIAN: And Assembly and legislative party committees.

MR. COLE: And we're talking about contributions to those committees--

DR. ROSENTHAL: To them.

MR. COLE: --as opposed to from those committees.

DR. ROSENTHAL: Yeah. We are assuming, I think, that those committees-- I think there's agreement that those committees should be permitted to contribute to candidate campaigns.

MR. BURSTEIN: Without restriction. Without monetary restriction.

DR. ROSENTHAL: Without any limitations.

MR. BURSTEIN: Right.

DR. ROSENTHAL: Is that correct?

ASSEMBLYMAN HAYTAIAN: That's correct.

DR. ROSENTHAL: Okay. So, we--

MR. COLE: We're assuming that?

DR. ROSENTHAL: Well, that can't--

MR. COLE: I'm not so sure I agree with that.

DR. ROSENTHAL: Okay, okay. We'll--

ASSEMBLYMAN HAYTAIAN: Yeah. I think that should also include the national committees, so we don't get into a situation where national committees now come in and take care of different candidates.

DR. ROSENTHAL: Well, let's take the prior issue because that affects-- Do we think that these party committees ought to freely contribute to candidate campaigns -- individual candidates -- if they so choose?

MR. COLE: I'd be in favor, Alan, of higher limits, but I'd want some limitation--

DR. ROSENTHAL: You would want a limitation?

MR. COLE: --because I think one of the things we're trying to address is incentive to put pressure on people to raise contributions, and I think having some limitation is helpful in reducing that pressure. It can be a high limitation, like \$50,000 or \$75,000. I don't care about that, but I think I'd want some limitation.

DR. ROSENTHAL: What is the feeling? Pat?

MS. SHEEHAN: I would look to having the limit on the other side. I don't get as concerned about party limits. To the extent that they have a treasury, I think they should be able to direct and support the candidates in need as they see fit for the sake of the candidates and the party, but I think that contributions to those committees -- the number of dollars that a Pat Sheehan, or a Rifle Association, or Common Cause, or whomever is out there, can give-- Maybe it should be higher than to an individual candidate, but I think that unending stream of soft money is what has most concerned the public. They gargle it all together, whether it's candidate money or whatever, but there's too much money out there, and part of

that is the stream to the party committees. I don't see anything wrong with having a limit to what a person can give to a party committee, but no limit on what the party committee can--

MR. COLE: I'd have limits on both sides.

DR. ROSENTHAL: I'm inclined to disagree with Mike on limiting what party committees can give to candidates. Number one: I think that if the Assembly Republicans decide that these 10 races are the most important, they ought to be able to put their money in those 10 races--

ASSEMBLYMAN HAYTAIAN: Absolutely.

DR. ROSENTHAL: --and not be restricted and then have to put some money in races that are not important because they've-- Secondly, if they were so limited, you can bet there'd be 21 Republican county committees that would be raising money and putting money into those races, because the money would get into those races where the money is needed.

ASSEMBLYMAN HAYTAIAN: Or 25 other Assembly candidates who receive the moneys from the committee, and then transfer it to--

DR. ROSENTHAL: Receive the money and pass it on.

ASSEMBLYMAN HAYTAIAN: Look, there's always a way to get around a--

MR. COLE: But, then, how do you draw distinctions in those municipal, county, statewide leadership PACs -- those PACs -- and the NRA? Are you going to limit the NRA, but not limit certain political PACs, and how do you limit those?

Suppose we have a Leadership PAC, a Sub-Leadership PAC, a Tomorrow's Leadership PAC?

ASSEMBLYMAN DEVERIN: The influence coming from a leadership PAC, Mike, is a little different from influence coming from the teachers, or the National Rifle Association. There's a big difference in the two.

DR. ROSENTHAL: I would presume that we can specify-- I presume that there would be one Assembly Republican PAC, one Senate Republican PAC, and no more.

MR. COLE: You're going to limit the number of PACs that--

ASSEMBLYMAN DEVERIN: There's nothing wrong with this -- one leadership PAC, not--

DR. ROSENTHAL: Fred, do you have any response to this?

DR. HERRMANN: Well, I think one of the things that we have discussed in some of our white papers was contribution limits across-the-board for everybody, with one exception possibly, which would be political party committees. I think, Mike, what you're hitting on is where do you draw that line if you don't make it there or somewhere else, and I think Al Burstein has said it a couple of times in the context of the gubernatorial election. The money was going into the parties, which was sort of doing an end run around the gubernatorial public financing system.

We thought we should have contribution limits across-the-board for all committees with one exception, which would be political party committees, which could be State, county, and local committees. There would be a contribution limit there as well, but it would be higher than for everyplace else.

DR. ROSENTHAL: But you would not limit what they could give to candidates?

DR. HERRMANN: Exactly. The other end of the spigot is, we would say, "Let them give as much as they want." I think again what Patricia Sheehan was saying was, because they might want to put the money-- They would want to put the money into targeted races, money where the money's going to do the most good. We don't want to tie the hands of the political parties, and at the same time--

DR. ROSENTHAL: But you would tie the hands of the legislative party?

DR. HERRMANN: Well, then you get-- I mean, there are shades of gray in the world. One proposal would be, of course, contribution limits apply to everybody, and then we could open up exceptions. It's conceivable to open up some more exceptions besides the political party committees, but we would have to draft it very carefully and perhaps allow the Senate Democrats and the Senate Republican leadership to have one other committee that would have a little special treatment, and the Assembly Republicans and the Assembly Democrats could, and limit it like that. But I think somebody was saying-- I think it was Michael who said, "Well, we don't want a Leadership Tomorrow, a Leadership Yesterday, a Leadership Next Year Committee, and have a tremendous proliferation, but we could limit it to the political party committees and then maybe carve out a few other exceptions for the party in the Legislature."

ASSEMBLYMAN DEVERIN: (indiscernible) --legislative party committee, for example.

DR. HERRMANN: Yeah. I think that's doable.

DR. ROSENTHAL: Otherwise, it seems to me that you are giving what is a major legislative responsibility over to either a State party, or very often to the Governor, who will control the State party.

ASSEMBLYMAN HAYTAIAN: That's right. Absolutely right.

ASSEMBLYMAN DEVERIN: And the State party really doesn't give a damn who is running for office.

ASSEMBLYMAN HAYTAIAN: That's true.

ASSEMBLYMAN DEVERIN: All they're worried about is the Governor and the President--

ASSEMBLYMAN HAYTAIAN: That's right.

ASSEMBLYMAN DEVERIN: --so they get the money and they're liable to have a banquet in some tent, or something. It doesn't get down to the legislative level. There has to be some kind of leadership--

MR. EDWARDS: It appeared to me that Steve DeMicco was pretty generous though this last election. I think Steve DeMicco was pretty generous this last election. He cared about a lot of people.

MR. COLE: The concept of somehow limiting the contributions, even by political party committees, to me just goes back to whether or not we're trying to address what I think is a problem; and that's the public looking at \$8 million to \$10 million being spent on legislative races. If you don't have some contribution limits, I agree that the money is going to find its way somewhere and it's going to result in that level of expenditures continuing unabated.

SENATOR DiFRANCESCO: Alan?

DR. ROSENTHAL: I think everybody agrees that there should be contribution limits.

MR. COLE: But if we exempt political party committees from any kind of limitation at all, we've opened up the door.

MR. BURSTEIN: You mean on their contributions?

MR. COLE: On their contributions to candidates.

DR. ROSENTHAL: Right, but they're getting the money. It's a pass-through.

MR. BURSTEIN: Yeah, but that's a two-sided problem.

ASSEMBLYMAN DEVERIN: The only way you're going to stop that million, or \$8 million in one district -- if that's what you just said -- is by expenditure limits. You'll never do it by contribution limits, because--

DR. ROSENTHAL: There's a difference, Michael. The PAC for the Realtors, or the PAC for the teachers, or the PAC for the trial lawyers is different than the political party. When the political party, or the legislative party, allocates moneys to candidates, it's a different kind of contribution than when a particular group or an individual gives money to a party or candidates. I think the--

MR. BURSTEIN: One is issue oriented, the other is power oriented.

UNIDENTIFIED MEMBER OF COMMISSION: That's true. What it comes down to--

MR. COLE: The two may converge at times.

DR. ROSENTHAL: I think it's different. I think the political parties--

ASSEMBLYMAN HAYTAIAN: Alan, I think you've touched on a very important point. I think everyone should understand it -- those who have not been candidates -- because when a political party donates, they don't give moneys to a candidate, they pay for advertising. They pay for radio, TV, or newspaper advertising. There's no cash contribution.

I ran the Assembly Republican Majority in '89. No way in hell are we going to take money and give it to a candidate. I mean, we didn't know what that candidate was going to do. We looked at their program for the election, their campaign plan, and if they had advertising that had to be paid for -- and I'm sure Steve did the same thing -- that's how you paid for it. That's how the political parties got involved. But to give moneys directly, no, and I think that's what you're concerned about.

MR. BURSTEIN: Alan, Michael's concerned about the proliferation of these various committees that could be formed if you put restrictions on the giving to any single entity. Can't that be cured by focusing upon the individual contributor or the organized contributor and putting an aggregate limitation on that source across-the-board, so that if John Jones wanted to contribute \$5000 to a candidate, and he wanted to contribute \$20,000 to a political party, which is financing that same John Jones, plus others' campaigns, and we suggest and it stopped it, that there be a limitation of 25 in the aggregate of contributions across-the-board, he will have topped out there, and that would be the way in which you could

keep your record of influence, number one, and of limitation, number two, rather than get involved in all these other considerations?

MR. COLE: Aggregate limits would certainly go a long way toward ameliorating the concerns.

DR. ROSENTHAL: Well, aggregates-- What about aggregate limits? Let's assume that we can-- You know, Fred will get everything he wants in his budget, and then some, because we can abolish some other State department or State agency and the money will go to Fred.

MR. BURSTEIN: Like the executive branch.

DR. ROSENTHAL: He told me to say it, so he-- But, what about the idea of aggregate limits and at what level? At what level would you limit aggregate -- and it might be different obviously for individuals, and for PACs, and for corporations?

MR. BURSTEIN: But forget about the levels, just--

DR. ROSENTHAL: Well, I think the principle relates to the level, too. I mean, I think this, you know, if you can't figure out a level, well--

ASSEMBLYMAN DEVERIN: Where's it begin, where's it end?

MR. BURSTEIN: Well, suppose we throw on the table the idea of \$5000 to any individual candidate during the course of a campaign, be it general or primary--

DR. ROSENTHAL: From whom, from an individual? And what from the PAC?

MR. BURSTEIN: From an individual or a corporation.

DR. ROSENTHAL: An individual or a corporation, \$5000?

UNIDENTIFIED MEMBER OF COMMISSION: Or a labor union.

MR. BURSTEIN: Or a labor union. In other words, across-the-board. I'm not exempting anybody from that limitation.

MS. SHEEHAN: For each election, or both?

DR. ROSENTHAL: Are PACs also limited to \$5000 contributions?

MR. BURSTEIN: Yeah.

ASSEMBLYMAN DEVERIN: Per individual.

MR. BURSTEIN: Per individual, correct.

DR. ROSENTHAL: Per race?

MR. BURSTEIN: Correct.

ASSEMBLYMAN DEVERIN: Or individual candidate, Alan.

MR. BURSTEIN: Yeah. I would have another tier for the political-- I would have another level of-- (three or four members speaking at once here; indiscernible to transcriber which ones are speaking)

DR. ROSENTHAL: But you wouldn't-- Let me just-- You wouldn't discriminate between how much a PAC can give and how much an individual can give?

MR. BURSTEIN: Not on that level, no.

DR. ROSENTHAL: Okay.

MR. BURSTEIN: And then have, let's say, a \$25,000 limit on contributions to a--

DR. ROSENTHAL: A party committee.

MR. BURSTEIN: --political party. Right.

DR. ROSENTHAL: Any party?

MR. BURSTEIN: That's correct.

DR. ROSENTHAL: So, presumably, they can give to several party committees?

MR. BURSTEIN: That's correct.

DR. ROSENTHAL: Okay, and then for a total, for an aggregate?

MR. BURSTEIN: Well, that would be it.

DR. ROSENTHAL: Oh, no, no. I mean, but they could give to a number of candidates-- Oh, this is an aggregate--

MR. BURSTEIN: No, this is an aggregate.

DR. ROSENTHAL: Not per individual?

MR. BURSTEIN: Well, no, this is an aggregate. What I started by saying was, we have to focus attention upon the source of the money, be it an individual or whatever entity.

DR. ROSENTHAL: So, you're saying nobody can give more than \$30,000?

MR. BURSTEIN: Nobody can give more than \$30,000 across-the-board. If he wants to spread it around within that limitation, okay.

DR. ROSENTHAL: But then would you have individual contributions, too, to individual candidates? You would have \$30,000 as an aggregate.

MR. BURSTEIN: Correct.

MS. SHEEHAN: Could I just ask--

DR. ROSENTHAL: Per election cycle?

MR. BURSTEIN: Per election cycle.

MS. SHEEHAN: May I just ask, Al-- You're saying that between the primary and the general, in toto given?

MR. BURSTEIN: Correct.

MS. SHEEHAN: I, as an individual, or as a PAC, or whatever, am limited to \$30,000.

DR. ROSENTHAL: In legislative--

MR. BURSTEIN: Legislative races. This is for legislative races only.

MS. SHEEHAN: Okay. So that means that I can give \$5000 to six candidates. Five times six is thirty.

MR. BURSTEIN: Oh, yes, you can do that, and that would be it.

ASSEMBLYMAN HAYTAIAN: Sure, yeah.

MS. SHEEHAN: And that would be it.

MR. BURSTEIN: That is correct.

SENATOR DiFRANCESCO: Can she then give more money to the State committee?

MS. SHEEHAN: No, no, that's it. Thirty thousand is my--

MR. BURSTEIN: No other contribution-- You would be topped out. You would be capped at that level.

DR. ROSENTHAL: At \$30,000?

MR. BURSTEIN: That is correct, or whatever the number.

DR. ROSENTHAL: You could give the \$30,000 all to individual candidates, or the \$30,000 all-- You could divide it up as you wished.

ASSEMBLYMAN HAYTAIAN: Mr. Chairman?

DR. ROSENTHAL: Yes?

ASSEMBLYMAN HAYTAIAN: Let me make sure I understand this: The AFL-CIO can give \$30,000 in a legislative race, and that's it, in any one year. Is that what you're saying?

MR. BURSTEIN: Yeah, in the aggregate.

ASSEMBLYMAN HAYTAIAN: In the aggregate?

MR. BURSTEIN: That is correct.

ASSEMBLYMAN HAYTAIAN: And Joe Jones, individual, can give \$30,000 in the aggregate?

MR. BURSTEIN: Yeah.

ASSEMBLYMAN HAYTAIAN: Yet Joe Jones, individual, AFL-CIO, represents 200,000 people. How can you say it is the same? You can't. It is impossible to do that.

SENATOR DiFRANCESCO: We already heard that the most that one PAC has given to one person--

ASSEMBLYMAN HAYTAIAN: No, wrong. Last year I know there were six figures--

DR. ROSENTHAL: To one person.

ASSEMBLYMAN HAYTAIAN: To the committee. He is including the committee. He is including everything here.

MR. BURSTEIN: It may be that you would want to have a somewhat higher-- I am just throwing out a number here to get the discussion started.

ASSEMBLYMAN HAYTAIAN: I know; I realize that. But I think it is important, because once it is thrown out, it is then reported that that is the suggestion. I think, for

discussion purposes, when you start talking about organizations that represent hundreds of thousands of people, to limit them to the same amount as one individual, that is wrong.

MR. STANTON: Well, that is what I was trying to get -- to find out the parameters of before, because obviously \$30,000 is too small. But let's say \$100,000 or \$150,000, because it goes the reverse way. If somebody came in and dumped a million dollars in, that could have a backlash effect. That could be, you know, an issue all by itself. But if \$150,000 or \$100,000 was a realistic number, you know, I agree with Chuck. Also, there are other large organizations that might have that kind of money without too much difficulty. It is not really an awful reach.

But I do like the idea of having an overall aggregated limit. I think that is a sound principle. I do think it should be high enough so that it is a realistic number.

SENATOR DiFRANCESCO: What is the individual contribution you would suggest?

MR. BURSTEIN: Five.

MR. COLE: Alan, I like the concept. I would be open to different levels for labor unions, corporations, PACs, and for individuals. That is something Chuck raises. I think that is a good point there. I think the \$30,000 may be too low, as an overall--

MR. BURSTEIN: I'm always conservative.

SENATOR DiFRANCESCO: I support the aggregate concept. I think \$5000 is much too high. I think \$1000 would be more appropriate.

DR. ROSENTHAL: As a total amount to give in a campaign? This is \$5000 aggregate for all candidates.

SENATOR DiFRANCESCO: No. If I want to give money to Chuck Haytaian, I should be limited to \$1000?

ASSEMBLYMAN DEVERIN: Oh, no, no, no, no.

MR. COLE: Alan, it's \$5000 per campaign; a \$30,000 limit. (discussion among Commission members at this point indiscernible to transcriber; everyone speaking at once)

SENATOR DiFRANCESCO: Was I wrong or right?

DR. ROSENTHAL: You're right; I'm sorry.

SENATOR DiFRANCESCO: He said, "A \$5000 contribution limit."

DR. ROSENTHAL: Or you can do a \$1000 contribution.

SENATOR DiFRANCESCO: I think that is too high.

MS. SHEEHAN: Aggregate -- no.

MR. COLE: No, five is per campaign.

SENATOR DiFRANCESCO: Wait a minute; wait a minute. His aggregate is \$30,000.

MS. SHEEHAN: Right. Yes.

DR. ROSENTHAL: And \$1000 per candidate, right.

MS. SHEEHAN: Yes. Al's limit was 30.

MR. BURSTEIN: Well, I am not sure at this point that I understand. (laughter)

SENATOR DiFRANCESCO: She said 5000, six people.

MS. SHEEHAN: Five thousand dollars per candidate.

SENATOR DiFRANCESCO: Thirty thousand/five thousand.

MR. BURSTEIN: What I started by saying was that there ought to be some kind of a aggregate lid on the source of the funding.

SENATOR DiFRANCESCO: I agree with that. If you're taking a poll, I agree with that.

MR. BURSTEIN: Okay? Let's start from that. What you do by way of the levels of contributions either to a political party or to a PAC organization or a labor union or a corporation, if you wanted to make that kind of a contribution to their PAC, is a level I am not hung up on.

SENATOR DiFRANCESCO: Al, if L.E.G.A.L. wants to give \$200,000, they will give \$200,000. I wouldn't worry too much about the number. They will go to lawyers and say, "You give

\$1000, you give \$500, and then collect the checks. You've got to have an aggregate number -- or the doctors, or the dentists all do that.

DR. ROSENTHAL: Well, then, the aggregate doesn't work.

ASSEMBLYMAN HAYTAIAN: That's right.

SENATOR DiFRANCESCO: Well, you're making them write the checks. You're making them write the checks to individuals. I mean, everything we've heard says that somebody is going to find a way to beat the law. Steve has said that; Gregg has said that. But nevertheless, the aggregate is out there as policy, and that is what we want to do -- set policy. Joe Doria stood here -- sat here and said, "There is much too much money being spent on individual elections."

ASSEMBLYMAN HAYTAIAN: Alan, all these organizations have to also report where they received their contributions. They have to disclose. What we're saying is, we live in a vacuum. All candidates and the organizations have to report -- all, everyone reports in the system that we have in New Jersey. So, what we're doing-- When you put the aggregate limits on, you're asking people to break the law; find ways of breaking the law, circumvent the law.

SENATOR DiFRANCESCO: Circumventing, breaking the law.

ASSEMBLYMAN HAYTAIAN: Let me tell you why this happens. If what Donny says is correct, if L.E.G.A.L. wants to donate \$200,000 and goes to individual attorneys-- The point is, L.E.G.A.L. has to disclose where they receive their moneys from.

SENATOR DiFRANCESCO: Exactly.

ASSEMBLYMAN HAYTAIAN: So, the aggregate doesn't make any difference here.

SENATOR DiFRANCESCO: No, no, no. Let's use the dentists, because John Torok represents the dentists. If they had reached their limit and they wanted to collect money from dentists, they would go to the dentists and say, "Make out a check to the campaign fund of Don DiFrancesco for \$500." If

he is a loyal soldier, he will write the check, and that person will deliver the check. You are not going to stop that. This is America; they can do whatever they want to do.

But, the aggregate limit is policy. We should have a policy on how much an individual or a corporation or a PAC -- or a leadership PAC should spend in an election cycle. So I agree with that policy.

MS. SHEEHAN: When you set an aggregate limit, does that refer only to cash to a candidate or an organization? I mean, what about manpower, printing brochures, television ads? Does that come under--

SENATOR DiFRANCESCO: Those are contributions.

MS. SHEEHAN: I mean, it seems to me that when you set an aggregate limit, if it is to be meaningful, it has to include expenditures. And when you say--

DR. ROSENTHAL: Well, wait. Right now, what is the law on in kind contributions?

DR. HERRMANN: For the purposes of reporting, they are no different than cash.

DR. ROSENTHAL: They have a value.

MS. SHEEHAN: So, if there is an aggregate limit, whatever that aggregate limit is, it would include everything.

DR. HERRMANN: Sure, that's correct.

ASSEMBLYMAN HAYTAIAN: Anything over \$100 has to be listed by name, address, and reason.

MS. SHEEHAN: I think that is important. I mean, otherwise--

DR. ROSENTHAL: But not volunteers.

ASSEMBLYMAN DEVERIN: Volunteers are not--

DR. ROSENTHAL: Volunteers are not affected by that. They are not costed out.

MR. BURSTEIN: They are an extinct species.

ASSEMBLYMAN HAYTAIAN: Then that gets into another problem area, where if we started putting limitations on

monetary contributions and not limitations on volunteer time-- For instance, if you have people who volunteer their time, and you have 100 volunteers-- I mean, we should put a monetary value to how many hours and the cost per hour.

UNIDENTIFIED MEMBER OF COMMISSION: You can't.

ASSEMBLYMAN HAYTAIAN: Well, you can't, but you can. I mean--

ASSEMBLYMAN DEVERIN: You know, there are, "People Against Incinerators." My God, you would have to go-- There are "People Against Garbage," "People Against This"--

ASSEMBLYMAN HAYTAIAN: If you had 100 volunteers at \$5 an hour, then you could put a limit on it.

ASSEMBLYMAN DEVERIN: If they volunteer, they don't get paid.

ASSEMBLYMAN HAYTAIAN: But, wait a minute. But you see, again, we are not playing on a level playing field when it's volunteer time versus monetary contributions. If you take the money--

ASSEMBLYMAN DEVERIN: The field is level if you get 1000 people who don't like you and they come out for me-- That's a level field. That's not my fault. It's your fault. (laughter)

SENATOR DiFRANCESCO: There's no way you can put that into dollars and cents.

DR. ROSENTHAL: I think there are a couple of issues here now. One issue is an aggregate limit, and I sense that there seems to be some agreement on an aggregate limit as policy. Then the question is, how much?

The other issue is whether there be any limits on party contributions to candidates. Those are the two issues here. I think a third issue is, how much individuals, corporations, and PACs can give to candidates as individual contributions to candidates or to party committees. So you've

got the individual contributions, the aggregates, and the pass-through, and they are all related, obviously.

Can we get an idea? Let's take the aggregate, because I think that really affects the others. What do people feel about the aggregate? Is this something we want to pursue? Just a show of hands informally. Who is opposed to the aggregate? Pat may be opposed to the aggregate. I think Pat may be opposed. Who is opposed to the aggregate limitation on contributions during an election cycle?

ASSEMBLYMAN HAYTAIAN: Have you indicated where that--

DR. ROSENTHAL: Senator Orechio is. No, I mean just in concept. We haven't gotten down to--

ASSEMBLYMAN HAYTAIAN: Well, I am opposed to it for the party committees, but I--

DR. ROSENTHAL: The aggregate. In other words, as an individual, how much can I give?

ASSEMBLYMAN HAYTAIAN: Okay, I am.

DR. ROSENTHAL: You are opposed?

ASSEMBLYMAN HAYTAIAN: I am opposed to it, and so is-- Carmen is, too?

UNIDENTIFIED MEMBER OF COMMISSION: Not what the party could raise. It is what certain people could give.

DR. ROSENTHAL: It is not what the party can raise, and it is not what the party can give, but what--

ASSEMBLYMAN HAYTAIAN: I am opposed to that.

DR. ROSENTHAL: Okay, and Senator Orechio is opposed, and I think Pat may be opposed. But the others seem to be in favor of some aggregate limit. But--

MR. DeMICCO: (Senate Majority Staff) Could I just-- I have been trying to get--

Mike, I understand what you are trying to do with aggregate limits, but going back to Sabato's point, I really believe, based on the practical experience -- and I think Chuck

addressed it a moment ago -- that we are trying to engineer a result that is not going to happen, when you impose aggregate limits. So, in a sense I think we are probably going down the same path we would be if we tried to impose public financing, which is another channel or two is going to get dug here. And I will tell you where I think the first one will get dug, and that is on independent expenditures. Somebody who is clever enough -- who is clever enough -- and I want to go back to the question of influence for a moment -- is clever enough to spread his or her contributions around to 120 candidates and "X" number of political committees, is going to also be clever enough to form independent expenditure paper organizations to impose his or her influence that way.

It has been done. I think we are suffering from a little bit of an illusion here, if we believe that placing a dollar aggregate figure on contributions from an individual or a PAC is going to cure a problem. I think disclosure cures that problem, because when it really comes down to it, if the issue here is, as a practical matter, real influence, who would make the suggestion that some entity giving to all 120 candidates is going to really affect public policy? I doubt that, based on the discussion we had here with Assemblyman Schluter one day.

So, I think we-- If you are looking for a practical and effective result, that it is much more important to zero in on contribution limits and selective contribution limits based on who the giving entity is, to approach it from that way, and then take a look at the result after an election cycle, and revisit the aggregate question after that, just as we probably should revisit the public financing question. But I think--

MR. COLE: Steve, why doesn't that drive in the same direction? What you are suggesting is, "Look, if we put limits on how much you can give to a particular candidate, and how much you can give to any PAC, and how much you can give to any

party organization--" Why doesn't that drive someone into independent expenditures just as quickly as an aggregate limit does?

It seems to me that that is a much more confused statement of policy than saying, "Look, no individual should give more than 'X' dollars--"

MR. DeMICCO: Mike, I guess my only answer to that would be, if you have imposed contribution limits that you believe in on all entities which participate in an election, you have effectively imposed an aggregate limit.

MR. COLE: Well, then you are going to have to restrict the number of PACs that can be utilized, the number of political parties, organizations. You can't-- You would have to deal with the proliferation question.

DR. ROSENTHAL: If the system works, and if the reporting is done, and if the information gets out, the difference in the two systems is that if you have aggregate limits, then there is a policy, and people who go above the aggregate limits publicly are breaking the law.

If you just have disclosure, then it is for the public and the press to decide whether it is too much money, or not enough money, or just what it all means.

MR. BURSTEIN: Yeah, but the trouble is--

DR. ROSENTHAL: In the first case, you're saying, "We, as a matter of public policy, don't think that any individual or PAC should give more than this much money into the political system in any cycle. That is what we believe."

ASSEMBLYMAN DEVERIN: Then you get back--

DR. ROSENTHAL: The other way you're saying, "We don't have any belief. It is up to you all to decide."

So I think there is that difference.

ASSEMBLYMAN DEVERIN: Then you get back to perception again, you know, what the people perceive.

DR. ROSENTHAL: It's either leaving it to people to perceive, or saying it is wrong to go above this figure.

MR. BURSTEIN: Alan, the common--

DR. ROSENTHAL: See, my question with the aggregate limits is, what is the figure? What is the amount of money? That specific figure is very important, because if you don't get a right figure, you are going to have enormous impact on elections.

MR. BURSTEIN: There are two things to be said-- I'm sorry, Pat. (addressed to Ms. Sheehan, who started to speak also)

MS. SHEEHAN: I was just going to ask a question on that. I mean, I think we all agree on looking for ways to limit, in the aggregate, the amount of money or the amount of influence that any single entity can do. But to try to reach that point by establishing an aggregate limit-- I can't see how it would be fair, because by the time you-- You would have to make it so high to carry some cases, that--

For example, Johnson & Johnson is a major New Jersey corporation. We are in many Assembly districts, so using Al's original number -- say \$5000 a candidate -- we could support a candidate in each of the elections we were in where we were a constituent, but we would be over the \$30,000 limit by the blink of an eye, because we are in more than six districts.

DR. ROSENTHAL: Well, the \$30,000 limit doesn't have to be there. But what you have to do, I think, to be fair on aggregate limits, is -- and I think Assemblyman Haytaian raised this -- should the limit for a PAC that has 1000 members be the same as the limit for an individual with one person? If not, then the limit is going to vary by the membership of the PAC, by the membership of the corporation, by the membership--

MS. SHEEHAN: But see, Alan, what I don't understand is, in our case, you're talking about a New Jersey corporation that is a constituent in, say, eight districts, versus a national organization, or an organization based solely in Cumberland County dabbling in 10 or 12 races. I don't know

that the aggregate is as fair for both of them. You know, a single aggregate would be fair for both local and--

DR. ROSENTHAL: In other words, you're saying there would be great difficulty in figuring out what aggregate--

MS. SHEEHAN: What would be a fair number.

DR. ROSENTHAL: --for each type of contributor.

MS. SHEEHAN: That's right, yeah.

DR. ROSENTHAL: Al?

MR. BURSTEIN: A couple of things: First, with regard to what level of aggregate spending we should contemplate, I think we need more information, and Fred can provide that. I think we ought to have some kind of a printout that would enable us to get from ELEC's experience what past contributions have been; how they sprinkle out; where the source of major money is.

DR. ROSENTHAL: But you then have to-- Can you tell us by PAC or by individual how much they have given to legislative--

DR. HERRMANN: Of course, by individual-- We're talking about thousands of contributors. By PACs, yeah. We have that information for the '87 election. We are currently putting it in for the '89 election. We did have a press release -- which I mentioned -- that was out, which rank ordered, I believe, the top 10 or the top 15 PACs, but we did a backup documentation that we could share -- that we would be happy to share with the Commission.

ASSEMBLYMAN DEVERIN: Let me get something straight from Mr. Burstein, because of what you just said, Pat. You say a \$5000 limit for individual candidates.

MR. BURSTEIN: Yeah.

ASSEMBLYMAN DEVERIN: Pat just said that they are in many districts.

MR. BURSTEIN: That may well be, but, frankly, I don't want to have J&J having that kind of influence.

ASSEMBLYMAN DEVERIN: Let me finish.

MR. BURSTEIN: Period.

ASSEMBLYMAN DEVERIN: Let me finish; let me finish.

MR. BURSTEIN: Yeah. Excuse me for interrupting.

ASSEMBLYMAN DEVERIN: She said that in six districts, they would be out of business. They would have already spent their \$30,000.

MR. BURSTEIN: Right.

ASSEMBLYMAN DEVERIN: You're not going to spend \$5000 for each candidate. If a guy gives one candidate \$5000, he's out of business.

MR. BURSTEIN: That's it. Yeah.

ASSEMBLYMAN DEVERIN: But if he spread it around, he could give each candidate \$250.

MR. BURSTEIN: Yeah, that's correct.

ASSEMBLYMAN DEVERIN: For instance, you could take that \$5000 and give each candidate--

MR. BURSTEIN: You could spread it around.

ASSEMBLYMAN DEVERIN: --\$200--

MR. BURSTEIN: That's right.

ASSEMBLYMAN DEVERIN: --and you would still be-- If it was 120 candidates you gave \$200 to, you would still be in the \$5000 aggregate.

MR. BURSTEIN: Yeah, but I think we need--

ASSEMBLYMAN DEVERIN: But if you gave one candidate \$5000, you would be over the limit. That's what you said.

MS. SHEEHAN: I see what--

MR. BURSTEIN: We need more information as to--

DR. ROSENTHAL: All right. Fred, will you get the information for the next meeting? It seems-- How would you deal with the aggregates for different organizations and different membership groupings and what have you?

MR. BURSTEIN: Well, that is why I want to see the statistics; how the organizations themselves -- whether it be

the State committees or the PACs or whatever -- what they have been doing with respect to their contributions; how they spread them around. But I wanted to address-- And I think we need that information, in order to make some sense out of what we are discussing.

But the other thing I wanted to mention had to do with this issue of disclosure. I tried to listen very carefully when we had our four experts here at the last meeting as to the impact of disclosure. And, frankly, after listening to them, I find-- My conclusion is that disclosure is not very meaningful as a tool for assisting the public in determining where influence -- inordinate influence lies in the course of an election or post-election, first because the matter of disclosure always comes too late as it relates to a political campaign. You don't really know who is contributing to what until much later on.

And secondly, the matter of disclosure as it relates to inordinate influence on a particular vote, which was the thing that seemed to bother a lot of people, and that had to do, to some extent as well, to the matter of ethics and matters of that sort-- I asked Salmore, or I asked the group, could they point to one situation that they know about, country-wide, where disclosure had any impact on the outcome of an election, and they could not. So I don't look upon disclosure, in and of itself, as an effective tool to moderate the kind of influence we are addressing, or at least that I think this Commission was formed to address.

That is why the logic of that brings me back to the notion that there have got to be some restrictions. I am not wedded to any particular system, but there have got to be contribution limitations, as the only way that I see of assuring the public that there is some monitoring of what is going on in financing campaigns.

DR. ROSENTHAL: But contribution limitations without aggregate limitations are not sufficient.

MR. BURSTEIN: I don't think so because, as Michael pointed out before, you can have a dozen different organizations formed for the particular campaign or election cycle, to get around it.

DR. ROSENTHAL: Let me just-- You know, we have pursued this. I want to take a vote on the general proposition, to see if we -- how we perceive-- The general proposition is that there be aggregate contribution limitations as a concept, without specifying any particular figure; that there be aggregate contribution limitations for individuals, PACs, corporations, labor unions.

MS. SHEEHAN: Could we have the first question that there be contribution limits?

DR. ROSENTHAL: Well, I think there is agreement--

MS. SHEEHAN: We could have them with or without.

DR. ROSENTHAL: I think there is more agreement on that. I want to see where the agreement is on--

MS. SHEEHAN: Yeah, but we haven't had that vote on contribution limits.

DR. ROSENTHAL: No, we haven't. Well, all right, we can take that as a-- Just taking contribution limits without an aggregate figure, is there agreement that there should be contribution limits to individual candidates, and perhaps to parties as well, but at a different level? Is there agreement on contribution limits in principle?

ASSEMBLYMAN HAYTAIAN: I can vote for that.

DR. ROSENTHAL: Well, why don't you call the roll on contribution limits? Why don't you state the question? Because the issue here is whether the limits will be not only on individual candidates, but on party committees.

MR. PARISI: The question is: Shall there be aggregate contributions--

DR. ROSENTHAL: No, not aggregate, individual -- contribution limits, but not in the aggregate necessarily --

but contribution limits on what individuals, PACs, corporations, and labor unions can give to candidates and to party committees, as a general principle?

SENATOR ORECHIO: Not necessarily the same?

DR. ROSENTHAL: No.

ASSEMBLYMAN HAYTAIAN: And it could be a limit that is unlimited is still a limit--

DR. ROSENTHAL: Right, right.

ASSEMBLYMAN HAYTAIAN: --just so long as you understand that.

DR. ROSENTHAL: The notion of--

ASSEMBLYMAN HAYTAIAN: Fine, okay.

DR. ROSENTHAL: --contribution limits.

SENATOR DiFRANCESCO: Say that again. (laughter)

DR. ROSENTHAL: The notion that we will pursue contribution limits, and then decide what they will be and how we will apply them to different entities.

SENATOR DiFRANCESCO: Oh, all right, I see.

DR. ROSENTHAL: I want to just see-- I think there is agreement to that, probably.

MR. PARISI: Okay. The question, as amended: Shall there be contribution limits on individuals, PACs, political party committees; that is, how much they can give to candidates -- how much can be given to candidates and parties, perhaps at different levels for each?

MR. COLE: Alan, I don't think we meant to include political party committees.

ASSEMBLYMAN HAYTAIAN: I didn't think so either. That's why I said, "limited and unlimited."

SENATOR DiFRANCESCO: You stated-- Could you repeat what you said? Do you remember exactly what you said, because that sounded exactly-- It sounded good.

MR. COLE: You were talking about--

DR. ROSENTHAL: I said something about the general notion of contributions. Do we agree on the general--

ASSEMBLYMAN HAYTAIAN: Alan, why don't we talk about limits to candidates? Let's start on--

DR. ROSENTHAL: Okay, limits to candidates.

ASSEMBLYMAN HAYTAIAN: We believe in limits--

DR. ROSENTHAL: Shall there be contribution limits to--

ASSEMBLYMAN HAYTAIAN: Yes, contribution limits to candidates. Let's go up the ladder.

DR. ROSENTHAL: --candidates by individuals, by PACs, and so forth?

ASSEMBLYMAN HAYTAIAN: Correct.

SENATOR DiFRANCESCO: I think it's tough. In the Legislature--

DR. ROSENTHAL: You're right. Then we'll get parties, and candidates, period.

ASSEMBLYMAN HAYTAIAN: Right, we'll go up the ladder.

MR. PARISI: Shall there be contribution limits to candidates?

DR. ROSENTHAL: Do you want to call the roll?

MR. PARISI: Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Yes.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Senator DiFrancesco?

SENATOR DiFRANCESCO: Yes.

MR. PARISI: Senator Orechio?

SENATOR ORECHIO: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Pat Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Mike Cole?

MR. COLE: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes.

Now, let's stop here. (laughter) All right. The second question is -- let me put it: Shall there also be contribution limits on what individuals, PACs, and so forth can give to party committees?

ASSEMBLYMAN HAYTAIAN: And let's identify that.

DR. ROSENTHAL: Party committees being the State party and a legislative--

ASSEMBLYMAN HAYTAIAN: County and municipal also. I think all branches and all elections should be included.

DR. ROSENTHAL: Okay.

MR. PARISI: Giving two-party committees--

MS. SHEEHAN: This is what individuals can give to them.

DR. ROSENTHAL: Individuals or PACs can give to them. Should there be a contribution limit? Now, it doesn't have to be the same limit, but should there be a contribution limit?

MR. EDWARDS: Alan, before you do the roll, may I just make one -- lay out one fact that may or may not influence--

DR. ROSENTHAL: Not if it makes anything more complicated. (laughter)

MR. EDWARDS: Well, it may. As a former Executive Director of a State Committee, I have to let you know that, as we discuss all of these things, it sounds to me as if we assume parties do nothing but give money. But remember that a State committee, and, to a lesser extent, county committees, and I now know even the Assembly Republican Committee, has ongoing expenses -- overhead. In fact, most of the money the State committee raises on the Republican side -- and I'm sure now for the Democrats, too -- goes to overhead. It is not just money that goes to candidates. Okay? I just wanted to create that--

MR. BURSTEIN: But doesn't that address the issue of the level of contribution, rather than the principle of limitation?

MR. EDWARDS: I guess what I'm saying is, maybe it leads to a point where you really potentially run the risk of bankrupting the committees if you assume that you are limiting their ability to give the cash. You probably are, but you are also limiting their ability to survive generally, because as far as ELEC is concerned, their contributions and expenditures aren't just for cash. It's their entire operation. When they submit a report, it is for every expenditure they make -- payroll, the whole thing, insurance, rent. It's all of that; it's all of that stuff. I just wanted to lay it on the table.

DR. ROSENTHAL: All right. Why don't you state the question, Frank, and call the roll?

MR. PARISI: Okay, as I heard it: Shall there be contribution limits on what can be given to party committees; that is, State, county, and municipal?

ASSEMBLYMAN HAYTAIAN: And legislative.

DR. ROSENTHAL: And legislative.

SENATOR DiFRANCESCO: Do we always call--

MR. PARISI: Okay. Let me just state it again for the record: Shall there be contribution limits on what can be given to party committees; that is, State, county, municipal, and legislative committees?

Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: No, there should be no limits.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Abstain.

MR. PARISI: Senator DiFrancesco?

SENATOR DiFRANCESCO: I am going to go and get Senator Orechio. (laughter) Yes, yes. This is without-- We are not talking about a number yet?

DR. ROSENTHAL: No.

MR. PARISI: Senator Orechio is not present. Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Pat Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Mike Cole?

MR. COLE: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes.

MR. PARISI: So, the tally is six in favor, one "No," one not voting, and one absent.

DR. ROSENTHAL: Okay. Now, the third issue in here is: Shall there be aggregate limits on what individuals, PACs, corporations, and labor unions can give in a single election cycle? This is, it seems to me--

ASSEMBLYMAN HAYTAIAN: Can we rotate the way you're taking the roll? (laughter)

MR. PARISI: The question is: Shall there be aggregate limits on what individuals, PACs, corporations, and unions can give in an election cycle?

All agreed? Okay, I'll reverse the order of the roll. Chairman Rosenthal?

DR. ROSENTHAL: No.

MR. PARISI: Al Burstein?

MR. BURSTEIN: I'm going to abstain until I hear what those fellows-- (laughter) Yes.

MR. PARISI: Mike Cole?

MR. COLE: Yes.

MR. PARISI: Pat Sheehan?

MS. SHEEHAN: No.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Senator Orechio is not present. Senator DiFrancesco?

SENATOR DiFRANCESCO: Yes.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: No.

MR. PARISI: Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: No.

SENATOR DiFRANCESCO: The swing vote is not here, huh? (laughter)

MR. STANTON: He's standing outside the door there. Send the sergeant at arms out there.

SENATOR DiFRANCESCO: To tell you the truth, Alan, he's against it. I think he is against it.

DR. ROSENTHAL: Why don't you state the question for Senator Orechio? (addressed to Commission Aide as Senator Orechio returns to room)

MR. PARISI: Okay. Actually, there are two questions. The first is: Shall there be contribution limits on what can be given to party committees; that is, State, county, municipal, and legislative committees? No? (Senator Orechio's response inaudible to transcriber)

ASSEMBLYMAN HAYTAIAN: Thank God I am not the only, "No."

MR. PARISI: The second question is: Shall there be aggregate limits on what individuals, PACs, corporations, and unions can give in an election cycle?

SENATOR ORECHIO: Based on the experts who came in who said it doesn't work, I agree.

SENATOR DiFRANCESCO: Did you realize what the vote was? Did you know what the vote--

MR. PARISI: All right. The final tally on the question of, shall there be contribution limits on what can be given party committees -- State, county, municipal, and

legislative -- is six "Yeses," two "Nos," and one abstention. On the question of, shall there be aggregate limits on what individuals, PACs, corporations, and unions can give in an election cycle, four "Yeses," and five "Nos."

DR. ROSENTHAL: You know, we can -- like anything else -- always revisit the issue. Nothing is ever-- In a legislative body, or even an Ad Hoc Commission, nothing is ever dead. But I think for now we ought to proceed with a discussion of contribution limits for individuals and for, you know, party committees, and the levels, to see whether we can agree on levels.

Fred, you can still supply the information we asked about how that relates to aggregates. It may be useful later on.

DR. HERRMANN: Yeah. We can give you a printout of the 250-or-so PACs that exist, rank ordered in terms of how much they gave to candidates at all levels.

ASSEMBLYMAN HAYTAIAN: Well, I was going to suggest that we get to those limits both for individuals and for the parties. I think it is important that we--

DR. ROSENTHAL: Does anybody have some suggestions, then, as to dollar amounts for contribution limits for candidates, or to candidates and to party committees?

ASSEMBLYMAN HAYTAIAN: Could we start again in the reverse, Alan? Only because I think what happens at the party level would then determine my vote as to what the monetary figure might be.

DR. ROSENTHAL: Let's deal with them together.

ASSEMBLYMAN HAYTAIAN: I don't think you can, but all right, let's try.

DR. ROSENTHAL: In other words, I would say that if you had a \$1500 limit to an individual -- that a PAC or that an individual can contribute to an individual candidate, I would say that the limit should be at least double that to any party committee; at least double that.

SENATOR DiFRANCESCO: Oh, it should be higher.

DR. ROSENTHAL: It should be higher? Five thousand? Fifteen hundred? Let me throw out a number.

ASSEMBLYMAN HAYTAIAN: If we're looking at \$1500, say, to individuals, or I guess Al said 5000 -- I think that was the figure that was thrown out -- I don't know how we can limit to the party just double that, because you're talking, you know--

DR. ROSENTHAL: Well, then, go higher; go higher.

ASSEMBLYMAN HAYTAIAN: Well, yeah, that is why I think we ought to talk about the party. If the party limit is unlimited, or is \$100,000, or \$500,000 -- which will never happen, by the way, because I remember last year, in looking over the two State party committees-- I don't think-- You may have had 10 contributions in the six figures, and no higher than \$125,000, I think, for a State party, and I am not sure.

SENATOR DiFRANCESCO: This is per year?

ASSEMBLYMAN HAYTAIAN: Yeah, per election cycle.

DR. ROSENTHAL: Per election cycle.

SENATOR DiFRANCESCO: For a State party? What is the election cycle?

DR. ROSENTHAL: We're talking two years. A candidate is on an election cycle, so let's put it on an election cycle.

SENATOR DiFRANCESCO: If I want to give to a State party every year--

DR. ROSENTHAL: You can give, but the total for two years would be -- whatever.

SENATOR DiFRANCESCO: I thought it would be yearly for a State party.

ASSEMBLYMAN HAYTAIAN: In an ARM, for instance-- I can give you an example of ARM. In the last election cycle, which was the legislative election for the Assembly, I believe the highest contribution was either \$25,000 or \$35,000, by a PAC or a corporation, or -- not even an individual. I know that's not-- I think the highest by an individual was

\$12,500. So there are limitations on what people can give. Especially now with the economic conditions being what they are, they are not going to be giving. It is very difficult getting donations.

DR. ROSENTHAL: Does anyone have some numbers, let's say, for giving to party committees? I mean, Assemblyman Haytaian suggested that the highest contribution they got in the last cycle was about \$25,000, or a bit above that.

ASSEMBLYMAN HAYTAIAN: But not from an individual.

DR. ROSENTHAL: No, from a PAC.

ASSEMBLYMAN HAYTAIAN: Yeah.

DR. ROSENTHAL: Should they be the same for individuals and PACs?

MR. STANTON: But he also said there were some over \$100,000.

ASSEMBLYMAN HAYTAIAN: No, no, not to us. That was just State party.

DR. ROSENTHAL: To the State party.

MR. STANTON: The State party, oh, okay.

MS. SHEEHAN: Are we making a distinction between which party committees?

ASSEMBLYMAN HAYTAIAN: And not the Republican State party, by the way.

DR. ROSENTHAL: We can make distinctions between or among party committees as well. When you get into this business, you get into the--

ASSEMBLYMAN HAYTAIAN: Yeah, I think, you know, in determining--

MS. SHEEHAN: Maybe it would make sense to look at party committees with an annual limit, a kind of sustaining membership kind of thing, and candidates as an election cycle limit.

DR. ROSENTHAL: Well, but-- No, we can do that. I was just sort of thinking of the whole thing in terms of an election cycle. Yeah?

DR. HERRMANN: Just a general comment: I think there are a lot of different ways you can go. I think Howard Baker said a few years ago, "There is more than one way to skin a cat." He probably got that out in Tennessee from someone else, but--

Our concern at the Commission would be that we just keep it as simple as possible. There is an old Army adage: "Keep it simple, stupid." Because the more complicated this gets, if we have multiple levels of contribution limits, it is going to become that much more difficult to enforce. Although we feel very strongly that we have to have more money, we also want to be responsible, too, and the more complicated it gets, obviously the harder it will be to enforce and the more staff will be needed.

So, there will have to be somewhat of a balancing act here. We have made numerous recommendations in other areas, too, to try to simplify the process. Gregg Edwards mentioned a couple of weeks ago higher levels for disclosure. Instead of \$100, why wasn't that ever indexed for inflation? Because that would be a lot less to put into the computer.

So I think it is important to know that the Commission, over the years, has been responsible. Not only have we said that we need more money, we have also pointed out many ways where we can cut back responsibly. So I think that when we are talking about something like contribution limits, you know, there are a lot of ways you could go, but I would just like you to keep in the back of your minds that we should do it as simply as we can, but as effectively as we can. But, if we get too many levels, it is going to be a disaster for us to administer. It is going to be a disaster for individual candidates and committees to figure out what they are supposed to do.

So, there has to be some slippage built into this. Certainly we can do a whole lot better than we are doing today,

when we don't have any limits at all. I would just say, don't get too specific, or it is just going to be very difficult to enforce and very expensive.

DR. ROSENTHAL: And yet, if-- I certainly wouldn't want the same limits on contributions to individual candidates as I would party committees. So there has to be a distinction there.

DR. HERRMANN: No, I think that would be a fair--

DR. ROSENTHAL: And then the question comes, what about the State party committee as opposed to the legislative party committee as opposed to a municipal party committee. Are there differences there?

ASSEMBLYMAN DEVERIN: Now, why don't we exclude the State party for the purposes of this discussion and stick with the legislative committees or the individual legislators, and see what we can arrive at there?

DR. ROSENTHAL: And then don't talk about contribution limits to the State parties or other parties?

ASSEMBLYMAN DEVERIN: No, that's right. For the moment, let's stick with those levels and see what we can come up with.

MR. STANTON: You're talking about at the moment.

ASSEMBLYMAN DEVERIN: Pardon?

MR. STANTON: You're not talking about totally excluding them; you're just talking about at the moment.

ASSEMBLYMAN DEVERIN: No, I mean for the sake of discussion, let's find out what you think a person or a PAC can give -- to me, for example.

ASSEMBLYMAN DEVERIN: Mr. Chairman, if we stay at that level, maybe we can start somewhere. You know, if we just talk about the individual candidate and the legislative committees, and leave the State party out of it altogether.

ASSEMBLYMAN HAYTAIAN: You asked me earlier if I could give an indication of limitation. I think I can. I don't know

if it is acceptable, but I think we should go, not -- when you say "per cycle" -- but per election, primary election, general election. Otherwise, I think you get into problems if you try to do it on an annual basis -- major problems for ELEC, because they go on an election cycle, which is primary/general.

So I would say that if we are going to talk about limits, if you make it a limitation of \$5000 to a candidate from any individual, and \$50,000 for a party from any individual--

SENATOR DiFRANCESCO: We're not talking about party.

ASSEMBLYMAN HAYTAIAN: Yes, we are. I am. He asked me earlier-- Tommy said, "Don't talk about it." I think--

ASSEMBLYMAN DEVERIN: For any party?

ASSEMBLYMAN HAYTAIAN: For any party, meaning--

ASSEMBLYMAN DEVERIN: A State party?

ASSEMBLYMAN HAYTAIAN: --a State party, from any individual. That's a lot of money, let's face it. I mean, you have to then take a PAC and talk about PACs, because once you say, "If that is too high," then you can make it \$30,000, or \$20,000 for the party. But then when you talk about a PAC which has 100 members or 10,000 members or 120,000 members, then I think you are going to have to say, "Well, for PACs, whether they are 10 members or 100,000 members, the limitation has to be different for the party." I think that is the only fair way.

DR. ROSENTHAL: And for the individual, too -- a PAC contribution to an individual.

ASSEMBLYMAN HAYTAIAN: Well, let me tell you: \$5000 to an individual -- to a candidate -- whether it comes from a PAC or an individual, is a lot of money. And unless you have a major fund raiser -- and I have had one since I have been a candidate for 14 years-- It was \$500 a person. I mean, if you buy a table, that's \$5000, and there are people who buy tables. If you buy two tables, it's \$10,000. The point is,

you are not going to have that all the time, and you are not going to get a lot of people doing that all the time. So therefore, I think you can limit it for both PACs and for individuals.

ASSEMBLYMAN DEVERIN: You know, the sad part of this is, there are so few candidates who run -- correct me if I am wrong -- who never get a contribution. I have run 20 times, I think -- or for 22 years, I think -- and never had anyone who gave me \$5000. Nobody came even near that kind of contribution.

ASSEMBLYMAN HAYTAIAN: Yeah, but you never had an election--

ASSEMBLYMAN DEVERIN: Oh, no, no, I'm not talking about that. So if you set a limit like that, you know, you-- God almighty, that's a lot of money. If you are going to set a limit--

SENATOR DiFRANCESCO: Well, then, we should make it \$500.

ASSEMBLYMAN DEVERIN: No, no, no, I'm not saying that at all.

ASSEMBLYMAN HAYTAIAN: Make it \$500.

ASSEMBLYMAN DEVERIN: The point I am trying to make is, we are knocking ourselves out trying to come up with a limit, and we're talking about a handful of candidates. If you make it \$5000, that's okay with me, but the people ought to know that everybody who runs for election doesn't get \$5000.

ASSEMBLYMAN HAYTAIAN: I don't think anybody is suggesting that, Tommy. I think when you set limitations, you want to set a standard. And the standard, or limitation of a limit is there. That doesn't mean that everyone gets up to that limit. Probably 90% of the legislators or other candidates never get to that level.

DR. ROSENTHAL: Michael, how about a number?

MR. COLE: I probably would have two different numbers. I didn't have any problem with Al's \$5000, but without an aggregate limit, I probably do.

MR. BURSTEIN: I do, too.

DR. ROSENTHAL: Well, we're not-- I mean, we have to proceed on the assumption that we are not going to go for an aggregate limit.

MR. COLE: Right. I think I would--

ASSEMBLYMAN DEVERIN: Correct me again: Your \$5000 was not per individual candidate. If a guy made one contribution of \$5000, it was over with.

MR. BURSTEIN: Yeah, that would be over.

ASSEMBLYMAN DEVERIN: So now you have to look at it in a different way.

MR. BURSTEIN: But I am looking at it differently now, since our vote about the aggregate. That puts a different cast upon the whole thing.

ASSEMBLYMAN DEVERIN: Right.

MR. BURSTEIN: Now I look on it as much too generous.

ASSEMBLYMAN DEVERIN: With chagrin.

SENATOR DiFRANCESCO: I have some numbers.

DR. ROSENTHAL: Al, do you have-- Oh, I'm sorry, Senator. You have some numbers?

SENATOR DiFRANCESCO: I have numbers: \$1500 from an individual; \$5000 from a PAC to a candidate during an election cycle.

DR. ROSENTHAL: What about two-party committees?

ASSEMBLYMAN HAYTAIAN: Say that again.

SENATOR DiFRANCESCO: The problem with party committees--

ASSEMBLYMAN HAYTAIAN: Donny, say that again.

SENATOR DiFRANCESCO: Fifteen hundred--

ASSEMBLYMAN HAYTAIAN: For a candidate?

SENATOR DiFRANCESCO: --from an individual, and \$5000 from a PAC.

ASSEMBLYMAN HAYTAIAN: For candidates?

SENATOR DiFRANCESCO: To a candidate.

UNIDENTIFIED MEMBER OF COMMISSION: For a primary and a general?

ASSEMBLYMAN HAYTAIAN: That's for a primary, and then a general?

UNIDENTIFIED MEMBER OF COMMISSION: So it would be \$3000.

DR. ROSENTHAL: For each election.

SENATOR DiFRANCESCO: You are going to distinguish between a primary and a general?

DR. ROSENTHAL: Yeah, you would have to.

ASSEMBLYMAN HAYTAIAN: You would have to.

SENATOR DiFRANCESCO: You would have to?

ASSEMBLYMAN HAYTAIAN: Absolutely.

SENATOR DiFRANCESCO: I don't like that.

MR. BURSTEIN: No, no, I mean is it \$1500 for the primary, and then another \$1500--

SENATOR DiFRANCESCO: I guess it has to be per election, right?

UNIDENTIFIED MEMBER OF COMMISSION: Right.

SENATOR DiFRANCESCO: The problem with State committees is that, number one -- as Gregg would point out, and I am sure anyone else involved with State government would say -- when you are out, as the Democratic party was, and the Republican party is, you have trouble raising a lot of money. And you may have to have equal -- and it is true with county parties-- You may have to take out loans, or loan the party money. That is one problem. I don't know how you address that legally. But one problem is, you may have to sign off on a loan of a substantial amount of money.

The other problem really is that you have the ongoing expenses. I would say \$10,000 would be the limit that I would put for a party, if you could deal with the loan aspect of it as an exclusion. I don't know if that's--

MR. BURSTEIN: Now, is that \$10,000, again, for an election cycle, or is it per year?

SENATOR DiFRANCESCO: No, the State party is going to be per year.

MR. BURSTEIN: Per year?

DR. ROSENTHAL: So it would be \$20,000--

ASSEMBLYMAN DEVERIN: I interrupted Mike. He never did get his figure in. I apologize for that.

ASSEMBLYMAN HAYTAIAN: No, he didn't have a figure.

SENATOR DiFRANCESCO: He didn't have a figure.

ASSEMBLYMAN DEVERIN: Well, he was writing something down.

DR. ROSENTHAL: Senator, would it be \$20,000 from an individual to a party per election cycle, and more from a PAC to a party, or the same for--

SENATOR DiFRANCESCO: No, the same -- \$10,000 a year.

ASSEMBLYMAN DEVERIN: Ten thousand per year, or election?

DR. ROSENTHAL: From an individual or a PAC?

SENATOR DiFRANCESCO: A State committee is an ongoing yearly thing. I don't look at it as elections, because they have different elections every year.

ASSEMBLYMAN DEVERIN: The other two are per election.

ASSEMBLYMAN HAYTAIAN: Well, a State party, as we know, cannot take part in primaries. So, it is just for the general. But what Donny is--

SENATOR DiFRANCESCO: Per year. It's a contribution--

ASSEMBLYMAN HAYTAIAN: So it's a per year, but are we excluding overhead expenses? Are we excluding a labor force; you know, personnel? What are we excluding, and what are we including?

DR. ROSENTHAL: It doesn't matter. It is the contribution.

ASSEMBLYMAN HAYTAIAN: It doesn't matter?

DR. ROSENTHAL: They spend it as they want.

ASSEMBLYMAN HAYTAIAN: Okay.

DR. ROSENTHAL: So, we've got some numbers here. Al, what do you--

MR. BURSTEIN: Well, the numbers, as I have indicated before, tend to become meaningless, unless you put them in the context of what the experience has been. I don't know what it takes to run a State party during the course of a year. Maybe the \$10,000 per year per individual is too low. I can't be sure about that.

DR. ROSENTHAL: Basically, what is being said is, "Okay, you guys run your State party however you want, you know, but you can't take more than \$10,000 from any individual." So if you need \$20,000, you've got to get it from two individuals. That is what we are saying.

MR. BURSTEIN: That may be, but I think it is important for us to know what the experience has been with regard to the numbers of people who contribute to State organizations -- State party organizations -- and in general terms what the amounts are; how they sprinkle out. Those are the things that we have to know about.

So far as the rest of it is concerned, as far as individual contributions, the \$1500-- That sounds all right to me.

SENATOR DiFRANCESCO: To me, that's high, but that is taking inflation into consideration in the next few years.

DR. ROSENTHAL: Well, in fact, we probably ought to put that into a formula -- an escalation. I was going to suggest that we tie on to the formula that is in the law for gubernatorial elections. Quite regularly we change it according to the Cost of Living Index.

SENATOR DiFRANCESCO: We shouldn't make it higher than a gubernatorial contribution. After all--

DR. ROSENTHAL: Yes, Fred?

DR. HERRMANN: We work with Steve DeMicco--

ASSEMBLYMAN HAYTAIAN: Wait a minute, wait a minute. Before you do, you know, Donny just said, "You shouldn't make it more than the gubernatorial." In gubernatorial elections, they have public financing. They have matching funds.

DR. ROSENTHAL: So it's two to one.

ASSEMBLYMAN HAYTAIAN: Yeah, it's two to one, Donny. What you're saying is--

SENATOR DiFRANCESCO: We have a limit on contributions. The playing field is going to be level.

ASSEMBLYMAN HAYTAIAN: They have a limit on contributions, but they are receiving public funding. They are still getting the money, for the money that they receive. So, you are not talking about oranges and oranges. You're talking about apples and oranges.

SENATOR DiFRANCESCO: So it should be \$4500.

ASSEMBLYMAN HAYTAIAN: So it should be \$4500, that is correct. If you really want a gubernatorial-- All I'm saying is--

SENATOR DiFRANCESCO: PACs give most of the money. That's \$5000, if you would look at the reports.

ASSEMBLYMAN DEVERIN: My brother wouldn't give me--  
(laughter)

DR. ROSENTHAL: We could make it special, or something, for Assemblyman Deverin.

ASSEMBLYMAN DEVERIN: That's right. I mean, I can't get \$20 out of some-- (several members of Commission speaking at once; not possible to transcribe)

ASSEMBLYMAN HAYTAIAN: I think I have to take a ride to Union County.

SENATOR DiFRANCESCO: Wait a minute. Are we excluding family members from this?

ASSEMBLYMAN HAYTAIAN: No.

SENATOR DiFRANCESCO: And you can give as much of your own money. You can spend, obviously, as much of your own money as possible.

MR. COLE: Does the \$5000 apply to corporations and labor unions as well?

SENATOR DiFRANCESCO: The \$5000 applies to all other groups, right -- corporations -- to an individual. I mean, J&J does not give more than \$5000 to one individual. I don't believe that for one minute. Right?

MS. SHEEHAN: Nowhere close.

SENATOR DiFRANCESCO: I mean, you are cheap. You are cheap when it comes to contributions.

DR. ROSENTHAL: Cheap, but powerful.

SENATOR DiFRANCESCO: Yes, very powerful.

MR. COLE: I think it's workable. I don't know-- Like Al, I don't know if \$10,000 is too low for a State committee. It may be.

ASSEMBLYMAN HAYTAIAN: All you have to do, I think, is take a look at last year's gubernatorial election, to see what the State committees got, or received, from individuals. During a gubernatorial year, \$10,000 probably will be extremely low. During a normal legislative or congressional year, meaning the other three years, it probably is within reason.

DR. ROSENTHAL: Fred, can we get the numbers for the last election cycle, or the last couple of years, on contributions to the State committees?

DR. HERRMANN: Well, as I pointed out to you about two months ago, we have never been able to enter all of that data into the computer because of a lack of staff. We're got the reports, but you are going to have to look at hard copy.

ASSEMBLYMAN HAYTAIAN: You are going to have to look at every individual report, Alan. That is what is difficult. That is why these folks need money, to operate.

DR. ROSENTHAL: I know that. I'll vote on that now.

SENATOR DiFRANCESCO: Wait a minute, Alan.

ASSEMBLYMAN HAYTAIAN: I think you ought to vote on that now.

SENATOR DiFRANCESCO: The year 1989 was not a reflection of having to pay the bills. Okay? So the reason for the \$10,000 is to prevent the 1989 from happening now.

ASSEMBLYMAN DEVERIN: You know, I agree with these figures, except I would raise-- The \$1500 and the \$5000, fine. I would raise the party contribution to \$15,000. I think that is a workable number. I think we could live with it. It is a number that everybody would agree with. That's a good perceptual--

ASSEMBLYMAN HAYTAIAN: I could go with that also, Alan, if you are looking for a consensus: \$1500 a candidate -- that's from an individual; \$5000 from a PAC; and \$15,000 to the State party.

DR. ROSENTHAL: From PAC or individual or corporation.

ASSEMBLYMAN HAYTAIAN: Yes, correct. I could live with that.

DR. ROSENTHAL: Per year, \$15,000?

ASSEMBLYMAN HAYTAIAN: Yes. I mean, I threw out my original number because I just threw a number out, but I could live with that.

DR. ROSENTHAL: Okay. Here is a proposal that I think we ought to discuss specifically. Contributions to candidates should be limited to \$1500 from an individual or corporation or labor union, and \$5000 from a PAC.

ASSEMBLYMAN HAYTAIAN: Per election.

DR. ROSENTHAL: Per election.

ASSEMBLYMAN HAYTAIAN: Correct.

DR. ROSENTHAL: But to primary and general elections.

ASSEMBLYMAN HAYTAIAN: Correct.

DR. ROSENTHAL: And the contributions to a party committee, meaning State party, county party, local party, or legislative party -- one legislative party committee--

UNIDENTIFIED MEMBER OF COMMISSION: Senate or Assembly?

DR. ROSENTHAL: Yeah.

SENATOR ORECHIO: Leadership PACs?

DR. ROSENTHAL: Yeah, leadership or legislative, but there would be one, being \$15,000 per year from either an individual or corporation or a PAC.

ASSEMBLYMAN HAYTAIAN: All right. Now, let me throw one fly into the ointment. Nonelection years-- We also have to discuss what occurs in nonelection years, because legislative members have fund raisers in nonelection years.

DR. ROSENTHAL: But, wait, wait. I thought we were talking about in an election cycle, meaning a two-year period.

SENATOR DiFRANCESCO: That was my proposal, except for State committees.

DR. ROSENTHAL: Your proposal, as I understand it, is \$1500 or \$5000 to a candidate's primary election, and the same to his general election, and that is a two-year cycle.

ASSEMBLYMAN HAYTAIAN: All right. The primary, actually, is a year-and-a-half. You realize that. It starts on January 6 or 15, and goes until June 30 of the next year, or June 6 of the next year. Now you have five months to raise the same amount of money for the general election. That is what you're saying.

DR. ROSENTHAL: Yeah, except that I am not presuming that you are not raising the money before the primary.

SENATOR DiFRANCESCO: Your PAC can raise money in the off year and receive an additional \$1500 from the same individual, so there is a mechanism where people who raise all this money -- like in 1990, when we are not running -- can still raise money--

DR. ROSENTHAL: Yes.

SENATOR DiFRANCESCO: --but to the limit of \$1500 and \$5000.

DR. ROSENTHAL: Right, right.

ASSEMBLYMAN HAYTAIAN: Up until the June of the following primary year, Donny, not from the calendar year. It starts on January--

SENATOR DiFRANCESCO: I know that. I am distinguishing between a campaign account and a PAC account, which we haven't gotten to, I know, but there is still that mechanism for people to raise money.

ASSEMBLYMAN HAYTAIAN: Wait a minute. We are talking about the same accounts, Donny.

SENATOR DiFRANCESCO: In some cases, we are, and in some cases, we're not.

ASSEMBLYMAN HAYTAIAN: Are we talking about a campaign account versus a continuing political action committee account? I don't think we have differentiated on that.

SENATOR DiFRANCESCO: We haven't moved on to that point yet.

MS. SHEEHAN: Oh, I thought you were talking about a candidate.

ASSEMBLYMAN HAYTAIAN: Oh, no, we're talking about a candidate. (three or four members speaking at once here; not possible to transcribe)

SENATOR DiFRANCESCO: I am not a candidate right now.

ASSEMBLYMAN HAYTAIAN: Oh, yes you are, according to what we're talking about.

MR. EDWARDS: Alan, you can't get into this discussion of contribution limits, without first resolving the issue of how many committees a candidate or officeholder can maintain.

ASSEMBLYMAN HAYTAIAN: Correct. That is exactly correct. For instance, per ELEC, if we have a "Friends of" account, we are-- The suggestion for me has always been, when you are running-- The year you are running in the primary, form a campaign account. Therefore, you either close the "Friends of" that you have and go into the campaign account, or you continue, which is then -- continuing the political action committee, and you also have a campaign account.

What I would suggest is that we limit-- Some candidates may have three accounts and three political action committees. I think if we really want to get to the root of problems, we should limit it.

DR. ROSENTHAL: Oh, absolutely.

ASSEMBLYMAN HAYTAIAN: So you limit it to one continuing political action committee and one campaign account.

DR. ROSENTHAL: I think what we mean, and we will have to deal with the details that are important-- What we mean, is that you can contribute to a candidate's primary election so much money, and to the candidate's general election so much money, and that's it.

ASSEMBLYMAN HAYTAIAN: Yeah, whatever the account the person has.

SENATOR DiFRANCESCO: That's fine; that's fine.

ASSEMBLYMAN HAYTAIAN: Right.

DR. ROSENTHAL: I mean, is that the meaning of what we are talking about?

MS. SHEEHAN: That is what I thought.

DR. ROSENTHAL: No candidate can get more than that money no matter how many accounts he or she has, or how many "Friends of" he or she has.

ASSEMBLYMAN HAYTAIAN: Right.

DR. ROSENTHAL: The only way you can get more money is through a party contribution that comes to you.

SENATOR DiFRANCESCO: Which we haven't discussed yet.

DR. ROSENTHAL: Yeah, but presumably the parties can then spend money for you or contribute to you, or another member can do that.

ASSEMBLYMAN HAYTAIAN: To the limit. Let me give you an example of that so we all understand what playing field we are on: If someone donates to any one of the four of us here-- This year, there is no election. We are really talking about the primary of 1991, June. So, from January of this

year, when we took office -- those of us in the Assembly and those who are in the cycle in the Senate -- until June 6 -- whenever the primary is next year -- you can raise \$1500. That's it.

DR. ROSENTHAL: Okay. The only money I can give--

ASSEMBLYMAN HAYTAIAN: Or a continuing political election year.

DR. ROSENTHAL: --to you as an individual-- I will give you \$1500 for your primary election, and I will give you \$1500 for your general election.

ASSEMBLYMAN HAYTAIAN: Correct.

DR. ROSENTHAL: And that is all I can give to you or to your friends or to your relatives or to anything else, and I can give more money--

ASSEMBLYMAN HAYTAIAN: Now, can they then -- ELEC -- follow the paper trail? For instance, if you-- The suggestion has always been that if you got a continuing political action committee called "Friends of," or whatever -- "Members of Good Government," or whatever the hell they are called-- I put my name on mine. But if you have that, and then you suggest to form another campaign account--

SENATOR DiFRANCESCO: Are they suggestions?

ASSEMBLYMAN HAYTAIAN: Wait a minute. I just want to make sure that you, in turn, can follow the \$1500 limitation. You can.

SENATOR DiFRANCESCO: Well, that is up to us.

ASSEMBLYMAN HAYTAIAN: No, it isn't. He has to--

SENATOR DiFRANCESCO: Put the burden on me to distinguish between -- among contributions. If it is up to me, I am going to watch who gives what.

ASSEMBLYMAN HAYTAIAN: You are, but he also is ELEC. He is the more important--

SENATOR DiFRANCESCO: I am going to certify that I have a receipt then.

ASSEMBLYMAN DEVERIN: If you make a mistake, he has to catch it.

DR. HERRMANN: Obviously, when you talk about reforms, you have to talk in the context of other reforms. Obviously, today we don't have PAC registration, which you alluded to, Assemblyman. We have a lot of committees out there that we don't even know who they are, because we don't register them.

ASSEMBLYMAN HAYTAIAN: That's right.

DR. HERRMANN: We have to restructure the law somewhat, which isn't even clear today. Even if you have a committee called, "Friends of Assemblyman Chuck Haytaian," it is not clear legally whether that is really Chuck Haytaian or not. As a matter of fact, it could be your opponent, or it could be you.

DR. ROSENTHAL: Actually, you might even have friends, so-- (laughter)

ASSEMBLYMAN HAYTAIAN: Could be.

DR. HERRMANN: There are a lot of possibilities.

SENATOR DiFRANCESCO: Well, we are going to come to that. That is a whole different area.

DR. HERRMANN: Yeah, right. In terms of tracking this, I think the main point here is that we have to have some control over the number of entities out there and who those entities are, because we will just end run the system. "Oh, yeah, I only gave \$1500 to the "Friends of Assemblyman Haytaian," but then there are 12 other committees out there that might be somehow affiliated with him, and they are getting millions. So we have to have control of this.

DR. ROSENTHAL: You can't control who is going to expend money on behalf of Chuck Haytaian.

ASSEMBLYMAN HAYTAIAN: Let's make it Donny DiFrancesco.

SENATOR DiFRANCESCO: No, I like it now.

DR. ROSENTHAL: But Chuck Haytaian, the candidate's responsibility is that he not get money from those organizations.

DR. HERRMANN: But there is the possibility under the current system, if we just put in contribution limits, that we wouldn't even know if those other committees were that person or not.

DR. ROSENTHAL: No, but we are going to get--

DR. HERRMANN: Oh, yeah, right.

DR. ROSENTHAL: We can't handle everything at once.

DR. HERRMANN: No, that's understandable.

SENATOR DiFRANCESCO: You are going to have to file reports.

ASSEMBLYMAN HAYTAIAN: Do you know what--

SENATOR DiFRANCESCO: Can we make this retroactive to January 1990?

ASSEMBLYMAN HAYTAIAN: --is going to happen, Alan? We are going to be bookkeepers. We -- legislators and candidates -- are going to become bookkeepers, because, let's face it, that is going to be our top priority.

DR. ROSENTHAL: Well, you are already bookkeepers, to a certain extent.

ASSEMBLYMAN HAYTAIAN: Well, unfortunately, we are. That does not really go to the root cause of why we are here. We are not here so that we can continue being bookkeepers. We are here, hopefully, to reform the system. What I am saying is, I think that if we put some limitations on, then we also have to put limitations on how many committees we have, and also the fact that ELEC can do it and inform us when a problem occurs, not two years later. That is the kind of problem we have.

DR. ROSENTHAL: I absolutely agree that ELEC is critical in the enforcement--

ASSEMBLYMAN HAYTAIAN: Absolutely.

DR. ROSENTHAL: --and the monitoring of any system, and in disclosure. We will deal with that certainly, but we can take them one at a time.

ASSEMBLYMAN HAYTAIAN: Okay, good.

DR. ROSENTHAL: I think I would, unless-- I would like to see if we can get a vote on--

MR. COLE: Can we go back?

DR. ROSENTHAL: Sure.

MR. COLE: If we are voting on this -- limitations on how much an individual can give to a candidate, primary and general election cycle, limitations on how much a PAC can give to an individual candidate in the same cycle-- A point of clarification: May we use a corporation with the same limit as the PACs?

DR. ROSENTHAL: As individuals.

MR. COLE: As individuals or as PACs?

DR. ROSENTHAL: As PACs, okay.

MR. COLE: That's what I thought. That is what I thought Donny said before.

DR. ROSENTHAL: Okay, as PACs.

MR. COLE: Are we also dealing with limitations on how much an individual can give to a PAC?

ASSEMBLYMAN DEVERIN: To a party -- a party committee.

ASSEMBLYMAN HAYTAIAN: Excuse me, Michael. Say that again.

MR. COLE: Are we dealing with limitations on how much an individual can give to a PAC?

ASSEMBLYMAN HAYTAIAN: No, no, he's not talking about that. He's talking about-- Let's assume we have a NJEA PAC. You're talking about their members donating to their PAC.

MR. COLE: That's right.

ASSEMBLYMAN HAYTAIAN: We haven't even discussed that.

ASSEMBLYMAN DEVERIN: I don't think we--

SENATOR DiFRANCESCO: Mike, may I take that back? I don't want J&J contributing more than \$1500 to an individual.

MR. COLE: Oh.

SENATOR DiFRANCESCO: I like that \$1500 limitation for J&J, for Merck--

MR. COLE: And labor unions.

SENATOR DiFRANCESCO: --and labor unions, and NJEA.

DR. ROSENTHAL: And let the other money go through a PAC.

MR. BURSTEIN: Can we also define what we talk about when we are discussing PACs, because I think there were different conceptions of what a PAC is. When you talk about a PAC that has been created with a specific candidate's name on it, that is one thing. When you talk about a special interest PAC, that is another thing. Are we talking about limitations identical to both kinds of PACs?

ASSEMBLYMAN HAYTAIAN: Well, you see, I think the differentiation here is, by definition-- A continuing political action committee is a candidate's, or those of us who are involved in elections-- Those are what ELEC calls, "our PACs." The type of PAC that you are talking about, possibly, is the private interest or public interest groups that have PACs. I don't believe we are talking about both of them.

SENATOR DiFRANCESCO: PACs are formed to make contributions. If you formulate an organization to make contributions, you've got to register as a PAC. That is what it boils down to.

MR. BURSTEIN: Yeah, but then the question that Michael just raised becomes pertinent: How much can anybody contribute to that PAC?

SENATOR DiFRANCESCO: Of course, it does.

MR. EDWARDS: Alan, would it be useful to refer to these as-- I mean, let's create three categories. You have nine candidate-- You have candidate committees, party committees, and committees that are otherwise; that is, a PAC would be a noncandidate, nonparty committee. It is everything that doesn't fall under those two categories.

ASSEMBLYMAN HAYTAIAN: A PAC. Now, how much can they individually donate? I don't even know if ELEC has the capability of knowing that. I don't think you do, do you?

DR. HERRMANN: The capability of knowing--

ASSEMBLYMAN HAYTAIAN: Who has donated and how much? Yeah, you do. You have to have that. Sure.

DR. HERRMANN: To whom?

ASSEMBLYMAN HAYTAIAN: Yes, in a PAC; in a PAC. For instance--

MR. STANTON: No, no, no. I mean, my donation is through my PAC.

ASSEMBLYMAN HAYTAIAN: Yes, that is correct. Do you know how much Tom donates to his PAC?

MS. SHEEHAN: If it is over \$100, we do.

DR. HERRMANN: Well, yeah, we would have your report on file, sure.

ASSEMBLYMAN HAYTAIAN: Okay, then they do have the capability.

MS. SHEEHAN: When Alan talked earlier, we talked about this \$1500. That is for Chuck Haytaian--

ASSEMBLYMAN HAYTAIAN: Correct.

MS. SHEEHAN: --whether he's got his election committee, his PAC committee, his "Friends" committee. How you divide it up--

ASSEMBLYMAN HAYTAIAN: That is correct.

SENATOR DiFRANCESCO: But how much can Pat Sheehan give to the J&J PAC?

MS. SHEEHAN: We haven't talked about that.

DR. ROSENTHAL: That we haven't--

ASSEMBLYMAN DEVERIN: That's what he rates. That doesn't fit in here to begin with.

MS. SHEEHAN: Yeah, but that is a different subject.

ASSEMBLYMAN DEVERIN: That doesn't even fit in here.

MS. SHEEHAN: But when we talk about PACs versus individuals, we are still -- at least I think the lay members of this Commission -- talking about a candidate, a challenger, or an incumbent, \$1500 in toto, whether it is a PAC that you

have set up or a campaign committee, or it is a nonelection year and you don't have -- whatever. Right? I mean, that is just a question I'm asking.

ASSEMBLYMAN DEVERIN: So, over a two-year period--

ASSEMBLYMAN HAYTAIAN: If that candidate is successful in the primary, then that person can receive \$3000 in the aggregate from any individual, whether he or she has one campaign account, one continuing political action committee, or 15. It doesn't matter. Compliance is going to be in the bookkeeping, and the notation is going to be all incumbent upon the candidates, whoever they are.

DR. ROSENTHAL: Yeah, Assemblyman.

ASSEMBLYMAN HAYTAIAN: To refer to what we're saying--

DR. HERRMANN: Just for definitional purposes, I'm going to try and briefly explain the kinds of committees that we have that exist today, and that appear in the law.

Continuing political committees is a broad term for any two or more people who are giving more than \$2500 in a calendar year and plan to do so in the future. That's what makes them continuing. And essentially, we've got three types of entities that are continuing political committees. One type of political party committees: State, county, municipal. That's one type. Another type is what we usually call PACs, the special interest groups. And then a third type that has really developed, maybe just in the past five years, is officeholder PACs, or personal PACs, the "Friends of" entities. So they are three types of continuing political committees.

Then there are political committees. A political committee is sort of like-- It would be a special interest group, or two or more people, again, who are giving more than \$1000 in just one election cycle. They're not going to continue to do that. Maybe there's an issue that they've

formed around during the general election, and they form a political committee, and they contribute, and they only report for that election.

And then finally, there's the candidate committee, which is the "Fred Herrmann for Assembly Committee."

ASSEMBLYMAN HAYTAIAN: That's right.

DR. HERRMANN: So, there are basically five types of committees out there, and there are some variations as well. But, it's probably good to just keep those definitions in mind when we're talking about--

DR. ROSENTHAL: And it is, I don't think, possible to control the formation of committees. So consequently, you could have a PAC that is limited, you know, in contributions it can make, and it can divide into two PACs and give twice as much. I mean, all of this is possible.

MR. BURSTEIN: Like an amoeba, it can keep splitting.

DR. ROSENTHAL: Right. I don't think it's likely to happen, but that's a possibility.

ASSEMBLYMAN HAYTAIAN: But we can limit it, Al, and we can say for anyone who is a candidate, you may have a continuing political action committee and a campaign account. Therefore, you are limited to two.

DR. ROSENTHAL: But you can't-- If Johnson & Johnson decides it wants to contribute more money and it spawns two PACs instead of one, then it could conceivably give twice as much money to a single candidate. But all you can do it put that out there, declare it, and if we, you know, have fair labeling--

DR. HERRMANN: Yes.

DR. ROSENTHAL: --then people can tell that Johnson & Johnson has two PACs and is giving more money.

DR. HERRMANN: Exactly correct. If we start identifying who these entities are--

ASSEMBLYMAN HAYTAIAN: Who they are. That's right.

DR. HERRMANN: And also contributors, we've talked about that; who the contributors work for. Because we could have the Hula Hoop Company, they have a PAC, and then they've got 500 people out there that are employees that are all contributing, we could, at least, disclose that, and we'd know what was going on.

MS. SHEEHAN: And we can't do that under the Federal Law. Anything that's related to us is all one PAC for their purposes.

DR. ROSENTHAL: Okay.

ASSEMBLYMAN HAYTAIAN: Well, what I'm concerned about is this. Per this discussion, let's assume -- and I'm sorry to go to J&J -- let's assume J&J has five different PACs and yet it's the one company entity, but five different PACs. And that PAC gives to Donny DiFrancesco, say--

SENATOR DiFRANCESCO: One hundred dollars.

ASSEMBLYMAN HAYTAIAN: No, gives \$500 a piece. Now, they-- Let's make it more because of the PACs-- Let's make it \$1500 a piece. Now those five PACs sign \$1500; that's \$7500. Donny receives \$7500, but all he knows is he's receiving \$1500 from individual PACs. He doesn't know that those five PACs are part of J&J unless disclosure is complete.

DR. ROSENTHAL: Yeah, yeah. There has to be good disclosure--

ASSEMBLYMAN HAYTAIAN: Absolutely.

DR. ROSENTHAL: --and it's not his responsibility to say--

ASSEMBLYMAN HAYTAIAN: But it is under the law now.

DR. ROSENTHAL: --you know, he's getting these contributions and Johnson & Johnson is giving six contributions.

ASSEMBLYMAN HAYTAIAN: But it is under the law, based on what we're saying. If we are responsible to keep track, then we have to know.

DR. ROSENTHAL: Okay, you have to know that you're getting a contribution.

ASSEMBLYMAN HAYTAIAN: Absolutely.

SENATOR DiFRANCESCO: You can prevent people from--

DR. ROSENTHAL: You don't have to know the politics.

ASSEMBLYMAN HAYTAIAN: No. And from whom, we have to know that.

MS. SHEEHAN: May I just say for the record, J&J has one PAC, and it's identified by name.

SENATOR DiFRANCESCO: J&J welcomes these restrictions, we know. (laughter)

DR. ROSENTHAL: I want to see if we can get an agreement on a contribution limits proposal that Assemblyman Haytaian made.

ASSEMBLYMAN HAYTAIAN: No, it--

DR. ROSENTHAL: The last time I was bringing this up for a vote, Gregg, you wanted to throw a fly in the ointment, and you did.

MR. EDWARDS: I just want to continually remind the Commission what it's going to be doing, because under this proposal, as I understand it, just so you know, the effect of a contribution limit under this scheme is, the shorter your term in office, the more you can raise money. You find the candidate, you find the member of the Legislature, and I took office in January '90, and I'm mayor, and I took office in January '90, I can collect a contribution as an Assemblyman for my January '91 primary, \$1500.

If I'm a mayor, I take that \$1500 but that has to go for that four-year period until my primary.

SENATOR DiFRANCESCO: I thought you were distinguishing between Senators and Assemblymen.

ASSEMBLYMAN HAYTAIAN: Well--

SENATOR DiFRANCESCO: That would be all right. But in terms-- With regard to the Senate and the Assembly, I really

think there should be higher limits for Senators. But with regard to the Senate and Assembly, we're talking about an election cycle, and that's a two-year cycle.

ASSEMBLYMAN HAYTAIAN: Yeah, but now wait a minute, yours is a four-year--

ASSEMBLYMAN HAYTAIAN: When you go into your four-year--

MS. SHEEHAN: Aren't the Senators four-year terms?

ASSEMBLYMAN HAYTAIAN: Wait a minute, that brings up a good point. He does make a very good point. Yeah, two, four, and four.

SENATOR DiFRANCESCO: Our legislative terms are two-year terms.

ASSEMBLYMAN HAYTAIAN: No, no, if it's an election cycle.

DR. ROSENTHAL: An election cycle is a four-year term.

ASSEMBLYMAN HAYTAIAN: That's right. Sorry, Donny.

ASSEMBLYMAN DEVERIN: It's four, four, and two.

MR. COLE: Not this coming one. It's two.

DR. ROSENTHAL: No, no.

SENATOR DiFRANCESCO: Not this one.

DR. ROSENTHAL: But it's a two-- Whatever it is; two, four, and four.

ASSEMBLYMAN HAYTAIAN: Yeah, but has got to-- Yeah, but we're looking long term.

DR. ROSENTHAL: But we're talking the election cycle.

ASSEMBLYMAN HAYTAIAN: Sure.

DR. ROSENTHAL: I mean--

ASSEMBLYMAN HAYTAIAN: So therefore, this first time around it's a two-year. Then after that it's a four-year, so you're going to have three-and-a-half years to-- Your limit is \$1500 for three-and-a-half years.

DR. ROSENTHAL: Now, if members of the Senate feel they're -- you know, can't raise as much money, they can always

run for the Assembly and they'll be able to raise twice as much money in the same four years.

ASSEMBLYMAN HAYTAIAN: That sounds pretty good to me.

DR. ROSENTHAL: What about seeing if there is agreement on this proposal? The proposal is, and this is Assemblyman Haytaian's proposal.

ASSEMBLYMAN HAYTAIAN: Donny, Donny DiFrancesco. I'll give him the credit, yes.

DR. ROSENTHAL: Okay, as amended and as worked over, and Senator DiFrancesco's proposal: It is a limitation of \$1500 from individuals and corporation, to--

SENATOR DiFRANCESCO: And labor unions.

DR. ROSENTHAL: --and labor unions, to a candidate in the primary and general elections, and a limitation of \$5000 from a PAC to a candidate for a primary and a general election.

ASSEMBLYMAN HAYTAIAN: I have to clarify. Donny said labor unions. Usually the labor unions have PACs.

ASSEMBLYMAN DEVERIN: Well, if they're in the PAC--

SENATOR DiFRANCESCO: PAC is five grand.

DR. ROSENTHAL: Well, PAC is 5000.

ASSEMBLYMAN HAYTAIAN: Fine, okay. And then we also have--

SENATOR DiFRANCESCO: Corporations have PACs too.

ASSEMBLYMAN HAYTAIAN: --\$1500 per year.

DR. ROSENTHAL: Fifteen thousand dollars per year limitation on a contribution to a State, county, or municipal, or to the legislative party committee. Well, I suppose you could give to the four party committees, or to two of them, but you can't give to three Democratic party committees.

SENATOR DiFRANCESCO: Well, what's a legislative party committees?

DR. ROSENTHAL: There's an Assembly party committee.

SENATOR DiFRANCESCO: Leadership PAC, you're saying \$15,000.

DR. ROSENTHAL: It's either the leadership PAC or the legislative PAC, but there's one.

SENATOR DiFRANCESCO: That wasn't my--

ASSEMBLYMAN DEVERIN: Yours was--

DR. ROSENTHAL: Whether it's leadership, legislative, but it's the party committee. One for each party in each house.

ASSEMBLYMAN HAYTAIAN: You have a Senate Republican Committee, don't you?

SENATOR DiFRANCESCO: It wasn't by intention that the 15,000 -- the 10,000 or the 15,000 go to the Senate Republican Committee. We were talking about State parties because we were talking about the overhead, and the expenses, and all that. That wasn't my--

DR. ROSENTHAL: No, we were talking about both. So, this is not your proposal.

SENATOR DiFRANCESCO: If you want to add that, that's different. But I wasn't the one--

ASSEMBLYMAN DEVERIN: I added the 15,000.

ASSEMBLYMAN HAYTAIAN: I thought he did.

SENATOR DiFRANCESCO: You changed to 15.

SENATOR ORECHIO: From 10 to 15, yeah.

DR. ROSENTHAL: All right. Well, that is in the proposal. Now--

MS. SHEEHAN: It's also the municipal or county.

SENATOR DiFRANCESCO: County committee, I mean the county Republican Party, or whatever.

ASSEMBLYMAN HAYTAIAN: Right.

SENATOR DiFRANCESCO: Yeah, but--

MS. SHEEHAN: Or the Teterboro Municipal Committee.

SENATOR DiFRANCESCO: --not an account that I open tomorrow that says Senate Republican Committee, no.

ASSEMBLYMAN DEVERIN: Yeah, but, you know--

DR. ROSENTHAL: Not that you, but the Republican--

SENATOR DiFRANCESCO: No, I mean, that's not my intent. You want to make that motion, make it, but that's not my motion.

DR. ROSENTHAL: But that was the original intent. That was in Haytaian's original formulation.

SENATOR DiFRANCESCO: Is that right?

DR. ROSENTHAL: Yeah.

ASSEMBLYMAN HAYTAIAN: Well, I thought that was what you were talking about.

SENATOR DiFRANCESCO: No, \$1500 would be my limit on that.

ASSEMBLYMAN DEVERIN: You mean 1500 for a candidate and 1500 for the Assembly Republican Committee.

SENATOR DiFRANCESCO: Yeah.

ASSEMBLYMAN DEVERIN: Majority in '92 or '91?

SENATOR DiFRANCESCO: Yeah, because that's an election-- That's a committee that's raising money to elect people. It has nothing to do with paying salaries on an ongoing party committee.

ASSEMBLYMAN HAYTAIAN: Yeah, but what happens Donny, and let me just give you an argument: We have an ongoing office. We have a person running the office. We have utilities that have to be paid. And you're saying that the expenditure doesn't matter.

SENATOR DiFRANCESCO: Then I want to take that out of my proposal and make that a separate proposal, and you can vote on that as a separate proposal.

DR. ROSENTHAL: All right, we'll do that.

SENATOR DiFRANCESCO: I mean, it's a-- It will probably pass, but I mean, I don't--

DR. ROSENTHAL: Okay, the vote then is on party committees and we'll leave the legislative party/leadership committees for a separate proposal. We've now got one proposal-- Do you want to read that?

MR. BURSTEIN: Yeah, Frank, read it.

MR. PARISI: Basically, it's whether or not-- The question is: Shall the Commission recommend: one, the contributions to candidates be limited to 1500 per individual, per election. Okay. Everybody agree with that?

DR. ROSENTHAL: The primary and general.

MR. PARISI: Right. And that contributions to candidates be limited to \$1500--

DR. ROSENTHAL: What about PACs? Oh, I'm sorry.

MR. PARISI: --per corporation, or per union, or per group, per election.

MS. SHEEHAN: How much?

MR. PARISI: Fifteen hundred dollars.

MS. SHEEHAN: The same number?

MR. PARISI: Same number. Two, that the candidates be limited to \$5000 per election, per PAC. Okay.

DR. ROSENTHAL: PACs be limited to contributing--

MR. PARISI: Right, PACs be limited to contributing \$5000. And three, there be a limitation of \$15,000 per year to State party and municipal committees.

ASSEMBLYMAN HAYTAIAN: No. State, county, and municipal committees.

MR. BURSTEIN: By who, by everybody?

DR. ROSENTHAL: By everybody; individuals or PACs.

MS. SHEEHAN: Corporations, unions, anything?

ASSEMBLYMAN HAYTAIAN: Or corporations, yeah, sure.

SENATOR ORECHIO: National committee would be barred. We're not including them.

SENATOR DiFRANCESCO: We don't have any control of that. You can't affect my right to give 50,000 to the national committee. (laughter)

ASSEMBLYMAN HAYTAIAN: National--

MR. COLE: It may be--

SENATOR DiFRANCESCO: Right, Mike?

MR. COLE: --cleaner to deal with the first two parts, and not the party committees because--

DR. ROSENTHAL: Let's just-- Let's deal-- Let's do it in two or three rounds. The first part is individual and corporate, labor union, PAC contributions, you know what that is, \$1500 from individuals to candidates.

SENATOR DiFRANCESCO: Per election.

DR. ROSENTHAL: Per election.

SENATOR DiFRANCESCO: And in my case that's every four years, theoretically.

DR. ROSENTHAL: Right.

SENATOR DiFRANCESCO: It's over a four-year period, so it clarifies this for the press.

DR. ROSENTHAL: Per election cycle.

SENATOR DiFRANCESCO: That it's over four years. That's \$1500 only over a four-year period.

MR. STANTON: No, 1500 for your primary and 1500 for the general.

ASSEMBLYMAN DEVERIN: Three thousand.

SENATOR DiFRANCESCO: Well, I didn't want to say that, but 3000.

DR. ROSENTHAL: At the most, 3000. All right, well--

MS. SHEEHAN: From individuals, corporations--

MR. COLE: And labor unions.

DR. ROSENTHAL: --that contributions be limited to \$1500 from individuals, corporations, or labor unions to a candidate over an election cycle to include both the primary and general election--

ASSEMBLYMAN DEVERIN: The determination--

DR. ROSENTHAL: --and that contributions be limited to \$5000 from a PAC to a candidate over an election cycle to include both primary and general elections. That's one. That whole thing is one.

MR. STANTON: Why don't you just do that one, Alan, and get it out of the way?

MR. COLE: Do that one. (Mr. Parisi confers with Chairman)

MR. PARISI: Okay, the question is: Shall the Commission recommend that: one, there be a limit of \$1500 per candidate, by individuals, corporation, unions, and other groups other than PACs, per election cycle? And, two, that there be a limit of \$5000 per candidate by PACs per election cycle?

DR. ROSENTHAL: That's the-- Call the roll.

MR. STANTON: In the primary and the general.

ASSEMBLYMAN HAYTAIAN: Individually for the primary, individually for the general, yes. Is that correct, Frank? Is that what you're saying?

DR. ROSENTHAL: Yeah, for the primary and the--

MR. PARISI: It's for the whole thing, not for each one.

DR. ROSENTHAL: Yes, for each one.

ASSEMBLYMAN HAYTAIAN: Yeah, I think when you say election cycle you screw everybody up, Frank. It's per election.

SENATOR DiFRANCESCO: In other words, the PACs can give \$10,000 over an election cycle, right?

ASSEMBLYMAN HAYTAIAN: Because in an election cycle there's two elections, a primary and a general.

MR. PARISI: So it's 5000-- It's 1500 per election?

DR. ROSENTHAL: Yeah.

MR. PARISI: Okay, just to clarify, the final time: Shall the Commission recommend that, one, there be a limit of 1500 per candidate by individuals, corporations, unions, and other groups other than PACs, per election? And two, that there be a limit of \$5000 per candidate by PACs per election?

DR. ROSENTHAL: All right, call the roll.

MR. PARISI: Any preference on which way I call the roll?

DR. ROSENTHAL: Why don't you start with Senator Orechio and go around this way.

MR. PARISI: Okay. Senator Orechio?

SENATOR ORECHIO: Yes.

MR. PARISI: Senator DiFrancesco?

SENATOR DiFRANCESCO: Let me just state before I vote, which I will vote "Yes," that I would support even lower limitations if anyone would like to propose that. So, I want to make myself clear; that I would support \$100 limitations if we want to have limitations. But this is a limitation that seemed to be accepted by this group and that's why I proposed it.

SENATOR ORECHIO: Alan, can I ask you a question before you continue? What about special elections where vacancies are filled. That occurs from time to time. We're not making provisions for those.

DR. ROSENTHAL: I mean per election.

ASSEMBLYMAN HAYTAIAN: Per election, that's why you don't talk about cycle, you talk about an election.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: I want to be as sure as Donny DiFrancesco was, yes. You sound like you be going on the Supreme Court with that answer.

MR. PARISI: Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Pat Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Mike Cole.

MR. COLE: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: I'm going to vote "Yes" on the firm conviction that it's not going to work.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes. The next issues is contributions to party committees. And why don't we take the full package first and then go down.

ASSEMBLYMAN HAYTAIAN: Well, I think in order to simplify it, I would recommend that we have a limitation of \$15,000 from whatever entity, per year, to a State, county, or a municipal committee.

DR. ROSENTHAL: Okay, we'll do--

ASSEMBLYMAN HAYTAIAN: That's one, and we'll then take care of the other one next.

MR. STANTON: So the PAC can do \$45,000 a year.

ASSEMBLYMAN HAYTAIAN: Excuse me?

MR. STANTON: So, somebody can do \$45,000 a year.

ASSEMBLYMAN HAYTAIAN: No, no, if it's to the Republican State Committee it's \$15,000. If they want to give to both, sure, they can give \$30,000.

DR. ROSENTHAL: You could give an unlimited--

SENATOR DiFRANCESCO: Even more than that.

ASSEMBLYMAN HAYTAIAN: Oh, yeah, they could do it--  
Yeah.

DR. ROSENTHAL: They can give to 21 counties, as many as exist.

ASSEMBLYMAN HAYTAIAN: You could give it to 21 counties.

MR. STANTON: I'm not virtually excluding myself here.  
(laughs)

ASSEMBLYMAN HAYTAIAN: I don't think you'll find that too much, Tom.

MR. STANTON: I don't think so either. (short pause, as Aide writes up proposal)

MR. PARISI: Okay. The question is: Shall the Commission recommend that there be a limit of \$15,000 per individual or PAC per year to each State, county, or local party committee?

MS. SHEEHAN: Per individual PAC, corporation, or per any entity.

DR. ROSENTHAL: Right. Any giver. Why don't you start with Al Burstein? He hasn't gone first.

MR. PARISI: Al Burstein.

MR. BURSTEIN: I'm going to get you off to a rousing start by abstaining. I really don't think I have enough of an understanding of the numbers to know whether this is a realistic limitation or not. It also, as Michael raised in conversation with me, he can do it himself as well -- the issue as to what we are to do about leadership PACs as an example. Is this to be included amongst--

DR. ROSENTHAL: It's going to be the next proposition that comes up.

MR. BURSTEIN: Well, that's another added element that I think has to be looked as a coherent whole, otherwise this particular limitation--

DR. ROSENTHAL: Well, we just took that out to satisfy Senator DiFrancesco.

MR. BURSTEIN: Yeah, but what I'm getting to is that I don't have enough in the way, I don't think in my own mind, have enough in the way of information to know whether this is a realistic number or a totally unrealistic number, so I'd prefer an abstention.

ASSEMBLYMAN DEVERIN: Too high, or too low, or you don't really know?

MR. BURSTEIN: I don't know.

MR. COLE: I have a real problem with-- We haven't dealt with any restrictions on how much these party committees can give to a particular candidate. So, we're now voting on

potentially somebody giving to, I guess, 567 municipal committees, 21 county committees, one State committee, without even knowing what we're going to do about leadership PACs, without knowing what kind of restrictions we're going to impose on their in turn giving to candidates.

ASSEMBLYMAN HAYTAIAN: Well now, wait a minute, I think we are. Forgive me for interrupting, we are saying that 1500 to a candidate from individual, labor union, or whatever. That includes a party committee. It has to.

MR. COLE: That includes a party committee.

ASSEMBLYMAN HAYTAIAN: Well, sure.

MR. COLE: Oh, I didn't understand that.

MR. BURSTEIN: It was not said.

ASSEMBLYMAN HAYTAIAN: Either it's 1500 in cash or it's 1500 in-kind.

DR. ROSENTHAL: Oh, no, no, I never understood this.

ASSEMBLYMAN HAYTAIAN: Well then, what we said originally about candidates receiving money is not worth the boat that we took. I assume that if a party committee is an entity-- I mean, we don't exclude that as an entity, not per ELEC. They're an entity that gives and receives. And so therefore, I assume that it's 1500 or it's 5000. It's one of the two. They could be considered a PAC, so it's 5000 per candidate.

MR. COLE: For a party committee or leader-- If that was the original motion, then I guess I don't really have much--

DR. ROSENTHAL: I don't think that is the-- That is not the understanding.

MR. COLE: I didn't understand that.

MR. BURSTEIN: That was not the original motion, nor during the course of the discussion was that what I heard to be the intent of the body. As a matter of fact, it was quite the contrary; that there were no limitations upon those types of contributions from the State committees.

MR. COLE: That was my understanding as well, that we were excluding leadership PACs and State committees from that prior discussion.

DR. ROSENTHAL: My understanding was that the party could give to candidates and that was much different than PACs or corporations or individuals giving to candidates. That was my understanding, and that, although we didn't take any votes or really narrow in on it, there may have been an consensus that the party shouldn't even be limited in what should be given to candidates.

ASSEMBLYMAN HAYTAIAN: All right, well then, why don't we suggest, if we're getting two members of the public abstaining, I don't think the legislative group should be making these motions. Let's hear from the public members what their suggestions are. I mean, because I would rather vote because the public has been brought in, which is right for this Commission, and I don't think the legislative branch should be making all of the proposals here. We have the experience in what's going on, I agree, but I'd like to hear from the public now.

MR. STANTON: You have a twofold problem. In the giving to the candidates, a leadership PAC, and PAC is a PAC. So, the issue of PACs would be included in the first motion.

SENATOR DiFRANCESCO: No.

MR. STANTON: But the State committee would not be.

SENATOR DiFRANCESCO: No, when we discussed this, we discussed this with the exclusion of the State committees and the leadership PACs. We were going to deal with that, in light of the fact that the aggregate vote went down. We were going to deal with that in a separate motion; in other words, how much can a State committee give to a particular legislative race? And I agree with Chuck in that we want to hear what you have to say, because I don't want to make the motions. But my

intent was to exclude the legislative leadership PACs and the State committee PACs from the \$1500 contribution limit.

MR. STANTON: But you also put in a \$5000 PAC limit.

SENATOR DiFRANCESCO: Or the \$5000 PAC limit because that was a separate area of discussion.

MR. STANTON: But you're saying that does not apply to a leadership PAC?

SENATOR DiFRANCESCO: I didn't think it did. You know, I thought that was our understanding.

DR. ROSENTHAL: Okay, let me state my views.

SENATOR DiFRANCESCO: I wouldn't have a problem with it.

DR. ROSENTHAL: Let me state my views as a public member. I don't think only the legislators have views on this. I think the party and leadership or Assembly/Senate PACs ought to be able to freely contribute to candidates without limitations. And I say that because I think that these entities are different than are special interest PACs, individuals, and what have you. And I think that strengthening the parties or the legislative parties is useful. And giving them some responsibility for allocating funds to the critical races, to the targeted districts in order to win or maintain control of the legislative body is important. So, I see these entities as quite different, and I think that they should indeed help candidates. And that they should decide on the basis of, you know, the good of the party, or the good of the legislative party.

Now let me add to that, I do not want to limit it to State, county, or municipal party. I want to include the legislative party group because I think the legislative party is a very important entity and should have some responsibility for itself in terms of reelection, and the conduct of government if it's in the majority in the Assembly or in the Senate.

Furthermore, I think that if the legislative party isn't given the same kind of status as the State party, you can conceivably have the Governor playing an inordinate role in directing legislative campaigns through his influence or the State party. I mean, presumably if you've got a Democratic Governor that Governor will be calling the principal shots for the State parties.

So, my feeling about this is they are different. Now, I don't know exactly what the contribution limitation should be in order to give this party this capacity. That I don't know. And that I think it's virtually impossible to know. I think it's virtually impossible to know because it will vary according to election, targeted races, costs, and basically parties will try to raise as much money as possible in order to win elections. Michael?

MR. COLE: Alan, I think you have to have a limit either on the way in or the way out, and we've discussed neither here. I could go along with a county, municipal, State, legislative leadership PAC having the ability to provide funds without limitation to any particular legislative race. But if I was going to do that, I want to make sure I had a limit on how much an individual could contribute to that committee.

DR. ROSENTHAL: Oh, I agree.

MR. COLE: And frankly, if we're going to allow unlimited expenditure, I'd go for a lower limit on the way in, say \$1500 for those committees. Now people think there's a difference, and apparently someone has expressed that the State political committee is different. I could go along with that if those differences we laid out for us that would justify a higher individual limitation. But I think at a point, we have to have a limit on the way in or the way out.

SENATOR DiFRANCESCO: And that-- I'm sorry.

MS. SHEEHAN: I agree with Michael on that, but I have a question, and I hate to raise this, but I just want to be sure that in our earlier vote when we said \$5000 from PACs to candidates, we were talking of PACs in the sense that of the nonlegislative, noncandidate, nonincumbent. We have not discussed those yet. And that \$5000 limit does not apply to Friends of Donny DiFrancesco, or anything like that. Is that everyone else's understanding?

SENATOR DiFRANCESCO: Meaning I could give \$10,000 to Chuck Haytaian if I wanted to.

MS. SHEEHAN: No, we haven't voted on that is my question.

SENATOR DiFRANCESCO: No.

MS. SHEEHAN: Okay, thank you. In terms of the committees, maybe that would make sense that we extract the State committee out of this vote as well, and handle that since there seems to be some distinctions, they're ongoing organized entities a little different--

SENATOR DiFRANCESCO: You don't feel the distinction--

ASSEMBLYMAN DEVERIN: Could I just-- What the Chairman said is so true. You know that when 40 districts are up for reelection that of the 40 maybe 20, at least 30 of them, or 25 of them, are pretty much winners or losers; you know who is going to win and lose. Sometimes it boils down to a certain -- and somebody has to make that decision as to which one of those districts most of the money is going to be spent in. It's not a matter of giving the candidate 50,000 and say, "Here, go win the election." It's a matter of a brochure paid for by the Republican Leadership Committee or somebody else. So I'm not sure that you could ever really limit the amount that they can spend.

You may limit the amount they can put in a candidate's campaign that he can spend any way he pleases, but I don't think you can limit the amount that they can spend to get that

guy elected, because that's unfair. Because guys like me who get 74%, 75% of the vote, the hell with the leadership; I don't need them. But a guy in another district who wins by, you know, 51% or 50-and-a-half percent, he needs all the help that he can get. And this money that we collecting for elections, that's where most of it should be spent, or else we limit it-- We do that, then these PACs, these special interest groups, they become the ones who decide who's going to win in a particular -- because they can put the money in, that the party can't. So, the party ought to decide.

DR. ROSENTHAL: Let me just interrupt here. This meeting is due to come to an end at 12:30, and I have to go and catch a plane. I would like to adjourn now without proceeding on the vote. We seem to have reached a little impasse and come back in two weeks and continue the discussion and--

SENATOR DiFRANCESCO: Can I handle it by proxy, as best--

DR. ROSENTHAL: If not then, later on you can kind--

SENATOR DiFRANCESCO: Formulate it and then ratify later.

DR. ROSENTHAL: Yeah, you can join us later on.

SENATOR DiFRANCESCO: So that you have the benefits of my thoughts.

DR. ROSENTHAL: Yes, yes, yes.

MS. SHEEHAN: Will Fred have some information for us?

DR. ROSENTHAL: Yes, we will get that information, and as much information as we can on the State party, the legislative parties.

(MEETING CONCLUDED AT 12:34 p.m.)

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159