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PUBLIC HEARING

before

AD HOC COMMISSION ON LEGISLATIVE ETHICS AND CAMPAIGN FINANCE

"Testimony from members of the New Legislature interested
in speaking on issues of legislative ethics and
campaign finance"

May 16, 1990
State House Annex
Room 334
Trenton, New Jersey

COMMISSION MEMBERS PRESENT:

Dr. Alan Rosenthal, Chairman
Michael Cole
Patricia Sheehan
Senator Donald T. DiFrancesco
Assemblyman Thomas J. Deverin
Assemblyman Garabed "Chuck" Haytaian

ALSO PRESENT:

Marci Levin Hochman
Office of Legislative Services
Assistant Legislative Counsel

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

* * * * *

Hearing Recorded and Transcribed by
Office of Legislative Services
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State House Annex
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New Jersey State Legislature
AD HOC COMMISSION ON LEGISLATIVE ETHICS
AND CAMPAIGN FINANCE

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MEMORANDUM

TO: MEMBERS OF THE AD HOC COMMISSION ON
LEGISLATIVE ETHICS AND CAMPAIGN FINANCE

FROM: FRANK J. PARISI, AIDE TO THE COMMISSION

DATE: APRIL 24, 1990

SUBJECT: OPERATING PROCEDURES AGREED TO BY THE
MEMBERS OF THE COMMISSION AT THE MEETING
OF APRIL 23, 1990

The following is a summary of the operating procedures for the Ad Hoc Commission on Legislative Ethics and Campaign Finance agreed to by the members of the commission on April 23, 1990:

1) The commission shall meet on the following days from 9:30 a.m. to 12:30 p.m. at the State House Annex in Trenton, unless a different time, date or site is decided upon by the members:

May 2	Room 368
May 16	Room 334
June 6	Room 341
June 20	Room 334
July 11	Room 334
July 25	Room 334
August 8	Room 334
August 22	Room 334.

~~2) Approximately half of the meetings will be public hearings at which testimony will be taken from legislators, organizations or persons interested in the issues of legislative ethics and campaign finance and half of the meetings will be working sessions of the commission.~~

3) The issues of legislative ethics and campaign finance may be discussed concurrently, rather than separately, at each of the public hearings and working sessions of the commission.

4) The May 2 meeting shall focus on a discussion of some of the problems raised by the current system of legislative ethics and campaign finance. Dr. Frederick M. Herrmann, Executive Director of the New Jersey Election Law Enforcement Commission, will attend that meeting as a resource person and be available to answer any questions raised by the members of the commission regarding campaign finance.

5) The May 16 meeting shall be a public hearing devoted to taking testimony from members of the New Jersey Legislature interested in speaking on the issues of legislative ethics and campaign finance. All members of the Legislature will be invited to attend the meeting.

6) The June 6 meeting shall be a public hearing devoted to taking testimony from organizations, such as Common Cause or the League of Women Voters, interested in speaking on the issues of legislative ethics and campaign finance.

7) Invitations will be sent at the earliest possible date to organizations and persons, including out-of-State experts and legislators, asking them to testify before the commission. The invitations will include a request that the witness' testimony be made available to the commission in advance of the public hearing.

8) Any person accepting an invitation or wishing to testify shall be notified that their attendance at a public hearing must be registered with commission staff prior to the hearings so that they can be organized to permit the maximum number of persons to testify.

9) Written testimony will be accepted at any time from members of the public interested in providing information or opinions on the issues of legislative ethics and campaign finance. A public hearing devoted to taking testimony from such persons may be scheduled for the June 20 meeting.

10) At the conclusion of each public hearing, at least 30 minutes shall be set aside for the members to discuss the issues raised by witnesses testifying before the commission.

11) All meetings shall be open to the public, and recorded and transcribed by the Hearing Reporter Unit of the Office of Legislative Services.

12) The commission shall endeavor to produce a report containing its findings and recommendations by September 30, 1990. A minority report may be drafted if there is not unanimous consent on the findings and recommendations contained in the official final report of the commission.

c. Marci L. Hochman
Fred Butler

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(HEARING OPENS AT 9:52 a.m.)

DR. ALAN ROSENTHAL (Chairman): We're going to get started. Frank, do want to call the roll of members?

MR. PARISI: Assemblyman Haytaian.

ASSEMBLYMAN HAYTAIAN: Here.

MR. PARISI: Assemblyman Deverin.

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Senator DiFrancesco.

SENATOR DiFRANCESCO: (not present at roll call, but enters after)

MR. PARISI: Patricia Sheehan.

MS. SHEEHAN: Ms. Sheehan.

MR. PARISI: Michael Cole.

MR. COLE: Here.

MR. PARISI: Al Burstein is not here. Alan Rosenthal.

DR. ROSENTHAL: Here. Today is reserved for testimony from members of the Legislature. And we're informed that there will be four members who will be testifying: Assemblyman Cimino will be the first witness, followed by Assemblyman Schluter, Assemblyman Martin, Senator Contillo, and Assemblyman Russo. So there are five legislators that are scheduled to testify. Before we begin with the testimony, a few details: You each got a packet of materials. I have been making arrangements to bring three or four academic experts on campaign finance to visit with the Committee. There's still a question of budget for that visit, but I think that will be worked out.

In order to make it slightly less expensive, we've looked into two Fridays, so that these people who come from Arizona, California, and Virginia could stay over a Saturday night, and thus reduce the cost of airfare. I want to just run the two dates by the members of the Commission and see if those dates were okay. One would be July 6th and the other is July

13th. They're two Fridays. How are those dates? We would cancel the Wednesday meeting right around there and then substitute the 13th or the 6th. If Wednesday is much better for you, we would do it the other way, and I would--

ASSEMBLYMAN HAYTAIAN: Could you just review those dates? I'm sorry.

DR. ROSENTHAL: It would be July 6th or July 13th; either one.

ASSEMBLYMAN DEVERIN: Either one or both, Alan?

DR. ROSENTHAL: Pardon me?

ASSEMBLYMAN DEVERIN: You want to reserve both of those Fridays?

DR. ROSENTHAL: No, no, the one that is better for the members.

ASSEMBLYMAN HAYTAIAN: Rather than the 11th?

DR. ROSENTHAL: Yeah, rather than the 11th, if that's okay.

ASSEMBLYMAN HAYTAIAN: Do you really want to go July 13th, Friday, the 13th with this Committee? (laughter)

DR. ROSENTHAL: Well, they're doing the traveling.

MR. COLE: Either one is fine.

ASSEMBLYMAN DEVERIN: I have no problem with either one of them.

ASSEMBLYMAN HAYTAIAN: The 13th is fine.

DR. ROSENTHAL: Either one, generally?

ASSEMBLYMAN DEVERIN: We'll defer that hat to him.

ASSEMBLYMAN HAYTAIAN: Yeah.

DR. ROSENTHAL: And the Friday is okay with you people? I'll look into that and get back to you as soon as I get the budget straightened out. Are there any other details to be brought up?

DR. ROSENTHAL: There's one other meeting date we may have to change. We have a meeting scheduled for August 8th.

Now that's the week of the NCSL annual meeting. I don't know whether members will be going to NCSL. I don't know what the legislative budget is.

ASSEMBLYMAN DEVERIN: Not too many, not too many, Al.

SENATOR DiFRANCESCO: Will there be any money? It depends on the money.

DR. ROSENTHAL: So, that's something that can't be determined now.

ASSEMBLYMAN DEVERIN: Not as many as we used to send.

ASSEMBLYMAN HAYTAIAN: Where is the meeting going to be held?

DR. ROSENTHAL: Nashville. In other words, I'm--

ASSEMBLYMAN HAYTAIAN: We ought to hold a Commission session down there.

DR. ROSENTHAL: If it turns out that there is funding for travel to Nashville, then we will shift the Commission meeting from August 8th. As of now we'll just leave it at August 8th, and we might shift it to August 15th or something if the NCSL is viable for members.

We will begin to hear testimony -- some of which has been submitted in advance -- from members of the Assembly and Senate. Assemblyman Cimino.

ASSEMBLYMAN A N T H O N Y J. "S K I P" C I M I N O: Good morning, Mr. Chairman, and members of the Committee. Mr. Chairman, let me preface my remarks by saying, I think it's outstanding that the President of the Senate and the Speaker of the Assembly have chosen to see fit to put together this Ad Hoc Committee, discussing legislative ethics and campaign finance. And additionally, certainly from my perspective, the members of the Committee are certainly outstanding individuals that represent a broad spectrum of New Jersey.

I think the dilemma that is before us in New Jersey is whether, in fact, we have established, within this State, and continue -- and must continue to maintain, the trust of the

general population of the State of New Jersey. To that extent, I believe that the whole of issue ethics, from a legislative perspective and campaign finance is important, not only to the Committee, but to all of us, as members of the Legislature, as well as, the Executive branch of government.

I think one of the key tenets that this Committee must maintain in the course of its deliberations is simply this: Whether, in fact, we want to continue to maintain a citizen Legislature as New Jersey has had for 200 years, or we want to talk about moving into, effectively, a governmental elite.

If the basic tenet is that we need to continue to have a representative, citizen Legislature, then, I believe, that the direction that we have taken is the appropriate direction, and that what we should be doing is looking at reforms within the system that level the playing field, but additionally, that we come to the understanding, within the context of what New Jersey is all about; that we will always have people in the Legislature who represent other segments of society in their natural lives. And I think that's something that is being lost in the course of the discussion here; that the members of the Legislature, as well as those who serve in county and local government, are, in fact, citizens, and they're representative of the democracy in which this State exists.

Last year I had the -- or last session -- I had the good fortune to work with Mr. Cole, from the Governor's office, as well as, Mr. DeMicco and members of the Senate, and was one of the authors -- along with Assemblyman Martin and Assemblyman Baer -- of the revision of the Gubernatorial Campaign Finance Law as we know it in New Jersey. I would suggest to you, Mr. Chairman, and members of the Committee, that if, in fact, this Commission is going to do anything, that it needs to be done in other than an election year, because the focus of the spotlight, the fact that some of the very players who had an effect on that law, they were there with an eye on what was

going to happen with the law, and, unfortunately, in some regard, did not allow for there to be a completely full dialogue. So, I would say that if, in fact, the Commission -- the Committee is going to do its work extensively and appropriately, it needs to be done out of the glare of electoral politics in a particular year.

The second thing I would say is with regard to the Gubernatorial Finance Law: We eventually settled on a primary cap of 2.2 million. It is my opinion that the cap in that primary law ended up being too high. I would have suggested a much lower cap, because we're dealing-- In a primary situation, where we're dealing with those who are competing for the nomination of their party, unlike the general, wherein we're dealing with those -- or competing for the trust of the public in an overall, general election-- So, if the Committee, as well, looks at the Gubernatorial Campaign Finance Reform Law again, or looks at that whole concept, one of the things that I think you ought to look at, is whether, in fact, the cap that was established is too high and whether it should not be reduced because we are expending the public's funds, as well, in the whole process -- to which we expended many, many dollars -- above and beyond what was originally anticipated, when we look at the whole election.

There is a hue and a cry in this State that elections have become expensive, and indeed they have. We live in the most media conscious State, with the most expensive media in the country. But when one puts the campaigns in the context of where we are in New Jersey, and one looks at where we were in 1981 for a cost of a house, or the cost of auto insurance, or, indeed for that matter, the cost of government in this State, I believe that financing of campaigns has risen on the same proportional scale. We need to bring it under some control.

But the course of control, I think, cannot simply be expenditure caps -- in total caps on contributions. But if

we're going to do this, we're going to have to look at the other end to insure a level playing field of a public financing vehicle. And much to his credit, as Governor Kean was leaving office, in his last State of the State address, I believe, he called for a legislative campaign finance public financing vehicle. I think we absolutely have to have that if we are going to make caps, and we're going to make contribution limits, succeed.

Another area I think that we have to look at in the course of it is with regard to the grand jury presentment that came down with regard to loans, that was issued back in October of 1988. I currently have a bill. Assemblyman Baer has told me that he will post that bill. We will hear it in Committee tomorrow. It's A-534, and the bill deals with more significant PAC registration. It revolves around and evolves to the point where we actually let the public know who the people are in PACs. I think the public has the right to do that, and the public ought to know who it is that is behind the source of funds to candidates.

That does not mean, however, ladies and gentlemen, that I think that PACs are a bad thing. To the contrary, I think that we have to remember how we got the Political Action Committees. And the way we got the Political Action Committees was a solution to what people perceived as the bossism in earlier times. So, while we need to bring about reforms -- while we need to bring about some controls here -- I think the fact of the matter is that Political Action Committees, as we have known them, to a large extent, are good. They allow for more people to be participants in the system. They, in fact, bring in people who would otherwise, perhaps, not be involved.

And it does not bring about an overabundance of control simply by an individual who is the leader of a particular party, whether it be the Republican party or the Democratic party. It's not to call for the dissolution of

parties as we have known them. It's simply to suggest that there are others who ought to have a right to be players in the system.

So, I think that we need to look at reforms along those lines, and I think we need to talk about expenditure limits and contribution limits when we talk about legislative races.

We have proposed a bill. It's a bill that deals with the public financing vehicle. I have suggested that the numbers ought to be driven, not unlike the numbers that we have dealt with in the gubernatorial; \$1500 cap on the ability of the individuals to receive a specific contribution. Three states in this nation have legislative public financing; Hawaii, Minnesota, and Wisconsin are the three states.

I would also suggest that we have a qualifying threshold; that a candidate for office needs to be able to raise a certain amount of funds before he becomes a player in the public financing system, and I believe that threshold ought to be \$30,000. I also think there ought to be a contribution or expenditure limit, if you will, and that expenditure limit ought to be \$125,000 per candidate, and that there ought to be a good faith effort put forward by the candidate, not unlike in the general gubernatorial campaign financing system, in that that good faith effort ought to be \$15,000.

And this ties with the problems that occurred within the presentment, that there ought to be a loan cap of no more than \$10,000, in the ability of legislators to loan themselves money.

Those are some of the things that I think are important when we talk about the legislative financing that we need to discuss. I think, in all sincerity, Mr. Chairman -- Mr. Rosenthal -- that it's absolutely imperative, to us as the Legislature and as the Executive branch of government, to

insure that people have absolute faith and trust in the system in which they elect their representatives. And the gubernatorial law that this State has--

And I must tell you I was extremely pleased and proud to work with Assemblyman Martin, because our Gubernatorial Campaign Finance Law is looked upon in this nation as probably the finest law of its kind. Much should be credited to those who originally put that law together. They did this State a great favor, and because of that, there is less of a hint of impropriety. And notice I said the "hint of impropriety," because we can't even afford, as the holders of the public trust, to even suggest that there are hints of impropriety in government.

But that vehicle, as it has worked during the course of the time that it has been in place, has allowed the people of New Jersey to feel that they are electing their governors in a system of absolute trust, and I believe that that needs to be extended to the Legislature.

On the other side of that, and not to commingle it, but, as well as the whole issue of legislative ethics-- Having been a member of the Assembly State Government Committee, and having served previously on the Ethics Committee for the Board of Freeholders of which I was a member, I can only commend Paul Contillo for the work that he has done on ethics and the impact of ethics. And I believe, in this instance, he has gone and has transcended the whole issue of the legislative aspects, and has actually looked down into local government.

And while there are concerns, and there is much that is said about the Legislature and the Executive branch of government, there is equally an area of opportunity for things to be awry in local government. So, I think what Senator Contillo has put forward, and has hammered out over the course of several years, is something this Commission should give a great deal of thought to and a great deal of substance to.

But I also think there is another area that is not covered, and has not been sought to be covered by the Contillo ethics bill, and that is the whole issue of school boards and school board disclosure. I think we have reached a point in this State where school budgets, certainly as we know it-- Having been a school board president, the greatest amount of property tax absorption comes from local boards of education. School boards are a big business today. I think we have an obligation to insure that the people who sit on those boards, in fact, tell the public who they work for, what their sources of income are, and if, in fact, they have any relatives that are in the system.

So, I believe that there ought to be a forthright and strong school board ethics disclosure law, but I don't believe that that falls semantically under the title that affects and impacts on each and every other local official. School boards, in and of themselves, have their own title of law, and that school board disclosure law, I believe, ought to fall under Title 18, as it impacts with the balance of school board law. In that way, I think that we insure that we are getting precisely what we are looking for.

Finally, one of the things that impressed me the most about running for the Legislature was the campaign disclosure form that came the moment that I declared for the Legislature. I think we ought to hold other levels of government to the same scrutiny. There ought to be a campaign disclosure form or law for whatever level of government you run for, whether it be municipal, or county, or the school board. We don't do that. There are certainly, you know--

If the perception is that the Legislature has tremendous influence, it is, in and of itself, the fact that whether it be municipal with a mayor, or with county officials as freeholders, whether they be legislators or quasi administrators in boards of freeholders that direct county

government, they have equally as much influence with regard to contracts, with regard to appointments, and with regard to the whole cost of doing business in government.

So, I believe that if people are going to run for those offices, they, in fact, as well, ought to be part of the system that requires disclosure as candidates. That's the extent of my testimony, Mr. Chairman.

DR. ROSENTHAL: Thank you, Assemblyman Cimino. Questions from Commission members?

SENATOR DiFRANCESCO: Yeah, I have some questions if no one else does.

DR. ROSENTHAL: Well, go ahead, start off.

SENATOR DiFRANCESCO: Do you want me to start?

DR. ROSENTHAL: Sure.

SENATOR DiFRANCESCO: Okay, Skip, are you ready?

ASSEMBLYMAN CIMINO: I'm ready, Don. (laughter)

SENATOR DiFRANCESCO: You've made a point about the-- Let me start with the public financing aspects -- and I know that you were quite involved in the change in the gubernatorial, as was Mike. Should we have public financing anymore for primaries -- gubernatorial primaries? Should we have it at all? Should we burden the taxpayers with that expense? Is your opinion, "yes," but not with -- but limit it to a lower level?

ASSEMBLYMAN CIMINO: Yes. I think that-- For instance, when we came forward in the course of discussions with all the players -- and I don't mean this in any negative way -- it was a negotiated process. That's why I'm saying that if we're going to do this again, we ought to do it out of the intensity of light of negotiation in the year in which the election occurs. But I honestly believe that there ought to be some public financing, but that the ratio ought to be different. Maybe it ought to be a two to one dollar ratio, or a two-and-a-half to one dollar ratio, to lessen it, because what we're doing is we've got everybody who's--

SENATOR DiFRANCESCO: Well, it's two to one now, right? Is it two to one now?

ASSEMBLYMAN CIMINO: If I'm not mistaken it's--

SENATOR DiFRANCESCO: It's two to one.

ASSEMBLYMAN CIMINO: --two to one, was it not? Two to one. So, I think we ought to raise it so that we have less public dollars.

SENATOR DiFRANCESCO: One to one-- You mean, like, for example, a one to one ratio?

ASSEMBLYMAN CIMINO: Yeah.

SENATOR DiFRANCESCO: Something-- Is that-- You're thinking, cutting back on the expenditure of public funds, but keeping that law intact?

ASSEMBLYMAN CIMINO: That's correct.

SENATOR DiFRANCESCO: You would support keeping it?

ASSEMBLYMAN CIMINO: I would support keeping it.

SENATOR DiFRANCESCO: Because I'm impressed by your argument that it's one thing when you're trying to be the candidate for governor of the State, and it's another thing when you are the candidate of the party, and therefore there's a much stronger public interest in controlling expenditures.

On the other hand, you feel that we shouldn't eliminate--

ASSEMBLYMAN CIMINO: We shouldn't eliminate it totally, because then I think we get back to the hue and the cry that special interests have now driven who can become the candidate. In a situation in our party last year, where we had three fine people seek the gubernatorial nomination, one was an overwhelming choice. If there had been no public financing vehicle, whatever, it could very well have been that all of the dollars may very well have flowed to what was the perceived candidate, and might have gotten--

SENATOR DiFRANCESCO: It saved us a lot of money.
(laughter)

ASSEMBLYMAN CIMINO: --an overwhelming amount of dollars. It may have. But at the same time, I don't think it would have given the other two -- in our party's case; Mr. Karcher and Mrs. Sigmund -- an opportunity to really get their message out. And I think that we've got an obligation to insure that people do get that message out when we're talking about the governorship of the State of New Jersey.

SENATOR DiFRANCESCO: Let's talk about the general now: I'm of the opinion, so that you know up front, that I agree with you; that when this law was initiated, back I think in '77, it was certainly model legislation, and we've discussed this at our first meeting today. There is so much other money spent on the gubernatorial election that I don't believe it's as effective as it used to be. In other words, as you know, both parties spend a substantial amount of dollars, besides legislators, in other entities getting around the law.

I assume you would support changes that would bring that in line, or try to bring into tow the outside influences over the gubernatorial, so that we would have a gubernatorial financing law, and that's what we would have; not a lot of outside money poured into the campaign.

ASSEMBLYMAN CIMINO: Well, I think that's a good-- I think that's a good question, Senator. And I think you have to look at what has happened in our State, and in the context of this. I think that we need, again, revisions within the system. I don't think that there's any question that there are more revisions, but I think you have to look at what drives the cost of elections in New Jersey. And what drives costs of elections in New Jersey, quite frankly, is the cost of getting the message out. And we live in, probably, the two most expensive media markets in the nation.

One of the things I have never been able to understand, for the life of me, as a businessman-- As a businessman, I receive one rate for advertising. Now, whether

I advertise a lot, or advertise a little, there's a fluctuation in the rate. But the moment that I now call the advertiser out, let's say, to my store in Lawrenceville and say, "Okay, I want to do a political ad," the cost of that political ad goes through the roof. And, I mean, I understand the necessity for newspapers in particular, and for other media vehicles to say, "Well, you've got to pay for that up front." I wouldn't extend anybody anything in a campaign either. I think that's smart business sense. But what I don't understand is why that space becomes such a premium as opposed to regular advertising space. It's costing them no more--

SENATOR DiFRANCESCO: But it does.

ASSEMBLYMAN CIMINO: --to produce that newspaper.

SENATOR DiFRANCESCO: But it does. And I guess my point is, if we're going to have public financing of the general election for the gubernatorial, and I'm going to pay for it, theoretically, then it ought to be public financing. So, that if we're going to allow what we allowed to happen last year, we might as well throw public financing out the window--

ASSEMBLYMAN CIMINO: Right.

SENATOR DiFRANCESCO: --because so much other money was spent, that it wasn't necessary to spend the taxpayer dollar. It wasn't necessary to raise the limits to 5.5 million because there was so much other money spent. So, we can't have it both ways.

ASSEMBLYMAN CIMINO: I understand.

SENATOR DiFRANCESCO: We've got to make one change or another, and I would hope that you would agree with that.

ASSEMBLYMAN CIMINO: I think there has to be-- I think it has to be brought under control. I agree.

DR. ROSENTHAL: Yes, Assemblyman.

ASSEMBLYMAN DEVERIN: Skip, did I hear you-- Did you say that you have a bill in for legislative financing -- public financing?

ASSEMBLYMAN CIMINO: We have a bill in the hopper, yeah. It's A-2834, I believe it is. It's a legislative financing vehicle.

ASSEMBLYMAN DEVERIN: Do you think we could set expenditures on money spent and money contributed without a public financing law?

ASSEMBLYMAN CIMINO: I don't think you can, Assemblyman Deverin.

ASSEMBLYMAN DEVERIN: Yeah.

ASSEMBLYMAN CIMINO: Tom, I honestly believe that you create a disproportionate playing field. It's an incumbency protection act, quite frankly. The incumbent has all the exposure, and the challenger has none.

ASSEMBLYMAN DEVERIN: I agree with you, and the incumbency protection act. Did you say a \$30,000 threshold for a legislative race?

ASSEMBLYMAN CIMINO: A \$30,000 threshold--

ASSEMBLYMAN DEVERIN: Before--

ASSEMBLYMAN CIMINO: --before you would be able to get in--

ASSEMBLYMAN DEVERIN: You know, it's difficult to raise 30,000 in a district that's a safe, nontargeted, non publicized district.

SENATOR DiFRANCESCO: That's a challenger, that's a challenger.

ASSEMBLYMAN DEVERIN: That's a hell of a threshold. Yeah, a hell of a threshold.

SENATOR DiFRANCESCO: That's a challenger.

ASSEMBLYMAN DEVERIN: Even for an incumbent, it's a hell of a threshold, but it would be murder for a non incumbent.

ASSEMBLYMAN CIMINO: Well, again, the whole purpose of it-- I mean, this was the first-- This is a first attempt, quite frankly. I mean, I have not done anything in stone that suggested it would not be subject to compromise.

I just looked across the broad spectrum of New Jersey, and we have legislative races that cost very little. And I guess, maybe, there are in this State, in each legislative cycle, ten races that are considered to be competitive races. And then, of course, there are safe seats on the Democratic side, and there are safe seats on the Republican side. In many instances I think that's probably where it would come into play.

Some of the questions-- If I could just follow up on that. Some of the questions that you have to answer, and one of the things I found difficult, is how do you insure-- I mean, even if you put a system in place, you know, suppose you only have one challenger versus two incumbents. I mean, does the challenger now, who's got to run against two guys, not one-- So, there are some very, very difficult questions here, and I think it's an extremely sensitive area.

And when you talk about contribution caps, Assemblyman Deverin, I think you have to do something that's realistic. You have to deal with something that is in today's world, not-- You know, I mean, it's fine to suggest that we do something maybe \$250 or \$500; that's fine. But that's not the real world in which we live today, and I think if you're going to make something work and you're going to have people who are going to be participants in the system, I think you have to do something that's realistic.

DR. ROSENTHAL: One question: Assemblyman, are you suggesting public financing for primary, as well as, general legislative--

ASSEMBLYMAN CIMINO: General only--

DR. ROSENTHAL: Only general.

ASSEMBLYMAN CIMINO: --in terms of the Legislature.

DR. ROSENTHAL: Only general.

ASSEMBLYMAN CIMINO: Yeah, I think it becomes an extremely expensive thing, and we are in such tight budgetary

restraints right now, that I think it would be a very, very cost prohibitive venture for us in terms of the primary.

DR. ROSENTHAL: Assemblyman Haytaian.

ASSEMBLYMAN HAYTAIAN: Skip, would there be any sense at all in public financing in safe districts? We're throwing public money away for really no good at all. I mean, we would have to look at the previous years' races in those districts. We know every 10 years we have redistricting. I would think that we'd be able to find from experience, that if a person won by over 60% of the vote -- any one party's candidates -- why would we want to have public financing in a district like that?

ASSEMBLYMAN CIMINO: I think you run into a constitutional question, Assemblyman.

ASSEMBLYMAN DEVERIN: I might add, I've never been able to define a safe district. You're in a safe district if the party endorses you. And you get the party line if somebody doesn't run against you in the primary. If you get caught in the primary you're no longer in a safe district. So--

ASSEMBLYMAN HAYTAIAN: Well, I consider a safe district anything over 60% in the general election, is a safe district. I think you're pretty safe; 60 to 40, or thereabout.

ASSEMBLYMAN DEVERIN: Yeah, or 70.

ASSEMBLYMAN HAYTAIAN: Yeah. The next-- (laughter -- sentence inaudible) You and I do. Well, I wouldn't classify -- qualify for public financing under those conditions. Grand jury presentment; you mentioned that two or three times. Which one are you talking about?

ASSEMBLYMAN CIMINO: That was the one that came up in October of 1988.

ASSEMBLYMAN DEVERIN: In what county?

ASSEMBLYMAN HAYTAIAN: Yeah, where?

ASSEMBLYMAN CIMINO: The grand jury presentment was issued here in Mercer County because the case was heard. It was issued under the assignment of Judge Samuel Lenox, and

there were several recommendations that grew out of contributions, and in particular, loans to specifically, I guess-- Twelve persons and their wives were loaned money from the chief executive--

ASSEMBLYMAN DEVERIN: What kind of races, Skip? For what kind of races?

ASSEMBLYMAN CIMINO: It was in the gubernatorial race.

ASSEMBLYMAN DEVERIN: The gubernatorial race.

ASSEMBLYMAN CIMINO: As I understand it, there were loans made to individuals from the head of the corporation for the purposes of making campaign contributions, and the grand jury issued several substantial recommendations dealing with what ought to be changes in the law. We had put that into what was A-4185 last session. That bill was reported favorably by Assemblyman Martin's Committee. Unfortunately, it saw no further action. That has been resubmitted and is to go before the Assembly State Government Committee tomorrow, I understand, from Assemblyman Baer.

ASSEMBLYMAN HAYTAIAN: Skip, last question: You talked about level playing field a few times. Do you consider New Jersey a political level playing field, with political parties -- one political outnumbers and outregisters another one by about three to two? Is that level playing field, or do we make adjustments for that?

ASSEMBLYMAN CIMINO: Well, I don't know-- You know, I think that's a fascinating question, and I think -- I guess the answer to that question is that, whichever party is lower in registration has to seek to get its message out in a lot of other ways other than just through a public financing vehicle. I think that what we need to do is, aside from registration, we have to insure that those who play -- are players in the system -- have a level playing field, because regardless of party registration, the overwhelming number of people in New Jersey today, in fact, are independents.

And I would suggest that even while there may be a Republican and Democratic party, the ultimate deciders of elections today are really the independent population in this State. The shift in that population, I think, to a large extent, determines who the winners and the losers are. I think what you have to do is make the playing field level so that each party can get its message across, and if you do that, then it's ultimately up to those who are the voters to make the decision.

ASSEMBLYMAN HAYTAIAN: Except the ultimate result of public financing and campaign finance control brings the political parties back into favor; gives them a lot more input and a lot more power than they presently have. So, therefore, the level playing field is no longer level when you go back to the registration of parties--

ASSEMBLYMAN CIMINO: I think that--

ASSEMBLYMAN HAYTAIAN: --and so, therefore, you have to make adjustments. For instance, if there is a three to two registration difference, then the party that has the two rather than the three would have to have a lot more financing in order to get the message out.

ASSEMBLYMAN CIMINO: Well, I think, Assemblyman, that you make a good point about this all bringing parties back into play more. I don't think that that is necessarily bad.

ASSEMBLYMAN HAYTAIAN: No, I don't either.

ASSEMBLYMAN CIMINO: And the second thing is, that's why I tried to temper my remarks with the feeling that I believe that PACs are not necessarily a bad thing. I think that we need to know more about them. I think we need to make sure that they register and tell us who they are and who they really represent. Some of the names out there have no correlation to what they really do. And so, I think, if we do those things, we do level the playing field, and I think that we resolve some of the issues that are at hand. But I honestly

believe that while we have a greater infusion of the political parties, and having them have more say in the structure, I also believe that we ought not to totally dissolve the political action committees as we have come to know them.

I think they're an important situation for this State, simply because the average participant-- I mean, in a political action-- Who is a political action committee? You and I are political action committees as registered-- I mean, I belong to the National Federation of Independent Businessmen. I could choose to give that group a contribution, a PAC contribution. That allows me as an individual to be a participant in the system, and I think that's good.

ASSEMBLYMAN HAYTAIAN: One last question, Mr. Chairman. Skip, do you suggest, and would you suggest, that we also have a cap on in-kind contributions, such as volunteers? For instance, we know in this State there is a very large volunteer force that goes out at election time, from whatever groups. We generally don't see too much of that on campaign finance reports. For instance, the expenditure of time is not an in-kind contribution. The expenditure of money for a candidate does become an in-kind contribution if not paid directly to the campaign. How do we control that? And how do we make it a level playing field when it comes to in-kind contributions of personnel?

ASSEMBLYMAN CIMINO: I don't know that it's controllable.

ASSEMBLYMAN DEVERIN: I don't know whether you'd want to control it.

ASSEMBLYMAN CIMINO: I don't know that it's controllable. I don't know that it's enforceable. I don't know that it is controllable.

ASSEMBLYMAN HAYTAIAN: But when you have a registration difference of three to two, something has to be controlled here. Something has to be-- Otherwise, we don't

have a level playing field. What you're saying is, level it out based on what we have presently in New Jersey. And that's level for you, but it's not level for me.

ASSEMBLYMAN CIMINO: Well--

ASSEMBLYMAN HAYTAIAN: How do we level it?

ASSEMBLYMAN CIMINO: No, I understand what you're saying, Chuck. And I don't know that I necessarily disagree with you. I'm not saying that I necessarily disagree with you.

ASSEMBLYMAN HAYTAIAN: I'm sure you don't, based on your district, also.

ASSEMBLYMAN CIMINO: I think the answer to the-- The answer to it is, in my opinion, I don't know that it's a controllable factor. I really don't know that it's controllable. I've thought about this a lot. I don't know that there's a control mechanism.

ASSEMBLYMAN DEVERIN: Do you think the volunteers come from the political parties, or do they come from organizations like Right to Life, or Right to Choose, or--

ASSEMBLYMAN HAYTAIAN: Or labor unions.

ASSEMBLYMAN DEVERIN: --or anything like that?

ASSEMBLYMAN CIMINO: Well, I think it's a good point. I think they come from any number of groups. I think they come from whomever. They can come from labor unions. They can come from environmental groups, too. I mean, the one thing I am impressed by environmental groups, quite frankly, is that not only do they represent their own integrity and their belief, but they go out and they work for that belief. So they will put as many volunteers out there as they possibly can. That's why I'm saying, I don't know if it's an enforceable--

ASSEMBLYMAN DEVERIN: But they don't pick or choose a party. They pick or choose a candidate.

ASSEMBLYMAN CIMINO: --and a controllable situation.

ASSEMBLYMAN DEVERIN: They don't necessarily do it for a Republican or a Democrat. They do it for their--

SENATOR DiFRANCESCO: They have a token Republican--

ASSEMBLYMAN HAYTAIAN: Oh, I don't know about that. Not only don't I know about that, it's who they're-- If they get enough people on one side of the aisle, they're doing it for one party.

ASSEMBLYMAN DEVERIN: They never beat any doors down for me. (laughter)

DR. ROSENTHAL: All right. I think, perhaps, we ought to move on and hear from our next witness. Thank you very much, Assemblyman Cimino.

ASSEMBLYMAN CIMINO: Thank you very much.

DR. ROSENTHAL: Assemblyman Schluter, you are slated to go second. We would ask you to try to confine your testimony to about 15 minutes, and then we'll visit with you and Q and A for about 15 minutes, if that's okay.

A S S E M B L Y M A N W I L L I A M E. S C H L U T E R: Thank you, Mr. Chairman. Good morning, members of the Commission. I first want to tend to a housekeeping matter. I did have the testimony that I was going to present here in draft form faxed out Tuesday morning. I don't know how many of you got and read it, but if you got and read it, my suggestion is to take the five extra sheets, which are supplementary sheets that you got in your packet today, and insert that where they indicate there are insertions, because if you have to take the new draft, which was today and which is somewhat longer, you're going to have to read the whole thing to see what was inserted. So, it might make a lot more sense if you did read it.

If you didn't read the testimony, then throw all that old stuff out, throw the five sheets out, take the new draft, and just start with that.

DR. ROSENTHAL: Okay.

ASSEMBLYMAN SCHLUTER: I would like to just briefly touch on the major themes in my testimony, and then end up with

something which has been added to your pile of material to, I hope, prove a point.

First of all, we're talking about money in politics, not only in the campaign finance area, in the lobby area, but also in an elected official's personal activities and their livelihood, which concerns ethics and conflicts of interest. And it's the bigger issue of political money.

My first point that I tried to make is that money does influence governmental decisions. It buys access. It buys goodwill. Goodwill has a value. Anybody who reads a corporate balance sheet would know that many companies set up their goodwill with a certain amount of dollars to represent advertising, name recognition, and so on. So, it does.

It does not buy this influence, perhaps, on core issues such as abortion or such as, maybe, the income tax, and some major things, but there are other bills-- There are other concerns in government such as regulated industries, such as corporate law, such as the professions, where the core issues do not apply, and a person's judgment can be swayed by the arguments on both sides. Certainly, if one is not willing to accept the causal relationship between money and governmental actions and governmental decisions, I think they would reasonably accept the fact that perception of big money in politics is bad and doesn't build public confidence, and should be corrected wherever possible.

My second point is that in New Jersey, the amounts of money, the tremendous increases in campaign costing, increases in the amounts of money spent on campaigns and spent in the political process, has reached major proportions. I've described this as an arms race.

Is this necessarily bad? Well, it wouldn't be bad if you did not believe that money does secure access, and money does secure influence, because more money will secure more access, and more influence. We have the kinds of political

contests in New Jersey where many of the legislative races are major battles with \$300,000 being spent on each side. With monies collected from those who will provide it, which are the lobbyists, because they're in the position where they almost can't say, "No," to many of these demands, and it really doesn't make any difference. Is this good public policy to have these amounts of money spent, particularly on these competitive races?

And then, of course, you have other campaigns where there are safe districts. We had one in District 2 in 1987 where the favored candidate who was considered a shoo-in received over \$400,000 for State Senate. His opponent got something like \$15,000. Is that good public policy, because basically our system provides that kind of disproportionate financing? We have a district right here in Trenton where the team on one side, which are the incumbents, were able to raise \$186,000 and the opponents raised less than \$5000. It really didn't make any difference, and the team could have won with \$10,000. They didn't need the whole \$185,000.

So, I think it raises the basic question of the magnitude of money that is going into -- that is chasing these political races, and it's something that I would hope that your Commission addresses.

My third point is that when you approach ethics legislation, when you approach campaign finance, when you approach lobby reform, I respectfully suggest that you do it in a comprehensive way, because we have seen too many times that when you plug one loophole here, another one will pop up there. This happens regularly.

There were some questions before about gubernatorial campaigns, and those of us who are old enough to remember the 1977 campaign, remember that there was no public financing and no restrictions on contributions in the primary. And really the candidates were bought and sold in that primary. It wasn't

long after that that loophole was corrected. I think that if you're going to have public financing, I would disagree, respectfully, with Mr. Cimino. If you're going to have it on legislative races, it should, of necessity, apply to primaries, where you can have the good features of public financing apply.

We have a number of districts, mine included, where the issue is settled at the primary, and that is the real contest. So, I would ask that you consider the whole fabric. And when you are considering the whole fabric of campaign finance issues, other states have been the experimental laboratories on this issue. As a matter of fact, in New Jersey when we started off in 1973 with the basic Campaign Contribution Expenditures Reporting Act, we were the leader in the country. You remember that, of course, Assemblyman. You and I were both in the Legislature at that time -- and that was a major step forward -- but it was based on disclosure, without dollar limits, and this was on the legislative and all races as a matter of fact.

Disclosure has worked, and that law has allowed us to make a number of improvements, and to reform the system, but now I think the system has caught up. I think a number of other states have passed New Jersey in the sophistication of their laws with respect to public financing, with respect to carrying out the public policy which, I think, you here intend to do. And I would recommend that you get connected with this organization called COGEL, the Council on Government Ethics Laws. The staff there-- The staff at ELEC belong. This organization was started by the first Chairman of the ELEC, and others around the country. They meet on a regular basis, and they come up with an analysis of all the different laws in the states.

And when you talk about little subtleties of improving a public finance to overcome some of the incumbent's advantage, there are ways to do that. There are ways to increase the

candidate's ability to -- the challenger's ability to compete. So, I would suggest that you do get connected with COGEL. It's a branch of the Council of State Governments.

SENATOR DiFRANCESCO: Well, Bill, they're meeting in Alaska. Is it all right if I take a trip up there too? (laughter)

ASSEMBLYMAN SCHLUTER: Well, I have gone, Senator, to the last two conventions, and I'm very reluctant to do that because I will be accused of taking a junket. Really.

ASSEMBLYMAN HAYTAIAN: Not you, Bill. Come on. (laughter)

ASSEMBLYMAN SCHLUTER: Thank you.

ASSEMBLYMAN HAYTAIAN: Nobody accuses you of that.

ASSEMBLYMAN SCHLUTER: I have not filled out my form yet. The next point really covers -- and it's in your text -- it covers the various elements of the package that I have tried to put together, which resulted from years of study, years of work, combining it with a lot of the bills and a lot of the ideas that were discussed in Committee, not only in the Assembly Committee, but the Senate Committee in the 203rd session.

There is a set of four bills. I won't bore you with a lot of detail, but a couple of major points: The first bill is the Omnibus Campaign Finance Reform Bill, A-50. Senator Lynch, incidentally, has the identical package in in the Senate.

Contribution limits: Very, very important. We don't have them in New Jersey except for governor. And when you look at it, and I think Senator -- excuse me, Freudian slip -- former Assemblyman Burstein would agree that the \$800 contribution limit on the gubernatorial campaign, which is now \$1500, is really the fact that made that system work, even more so than public financing.

When you have contribution limits they have to, in my judgment, be comprehensive to apply when you are giving to

political parties, and I suggest you give more to political parties than you're allowed to give to candidates. It has to apply when PACs are giving, or individuals are giving, and it should have an aggregate amount of what you can give.

Let's go to the Federal level: At Congress-- If you're running for Congress or the U.S. Senate you can, as an individual, give \$1000, maximum. And you can give an aggregate of \$25,000 in an election cycle. We don't have that aggregate in New Jersey. And if you're talking about correcting soft money, as it occurred in 1989 in the gubernatorial campaigns, look at the ability to control, at least, that going to political parties--

SENATOR DiFRANCESCO: Say that again, Bill, because I missed-- A \$1000 individual limit?

ASSEMBLYMAN SCHLUTER: The Federal government, if you're running for Federal office, has \$1000 limit for a individual contributor. My recommendation is \$1000 for legislative and any other office other than governor, which is 1500, but also an aggregate limit of \$25,000, which applies to the Federal level. And I'm suggesting that apply to the State level.

SENATOR DiFRANCESCO: For individual corporations-- Not corporations, but PACs?

ASSEMBLYMAN SCHLUTER: For Michael Cole to give in an election cycle, to bona fide candidates or political parties as--

ASSEMBLYMAN HAYTAIAN: To all candidates.

ASSEMBLYMAN SCHLUTER: To all candidates, yeah. Whether the figure of \$25,000 is sacred, is not the issue, but it is a way, when you try to cover the complete fabric of contribution limits; to help against this business of soft money and the advantages and the disproportionate advantages that that gives.

This same bill would prohibit corporate and union gifts directly as existed at the Federal level, and would allow giving to PACs, but would reform PACs. Right now, PACs in New Jersey are unregulated almost totally. They can be run out of a lobbyist's vest pocket or purse, as the case would be, and there is no requirement for representative structure of the group that is covered by that PAC. I found out yesterday that there's an organization called a Committee for a Clean and Safe America, Inc., which is a PAC, and this organization has collected, I understand, over \$100,000 in substantial funds. All their money has gone to RIFKA Associates, and then you have to start tracking this back. Apparently, it comes out of Jersey City and is a political kind of a PAC. But how can you tell that from a "Committee for a Clean and Safe America"? My goodness, every--

SENATOR DiFRANCESCO: I thought you were going to tell me it was the NRA or the guns. (laughter)

ASSEMBLYMAN SCHLUTER: Well, we have the great story about-- There was one that was quoted in the papers as the Lenders for Good Government, and a newspaper reporter asked, "What do you mean, Lenders for Good Government?" And the person who made up the story said, "I'm sorry. I made a mistake. This is Leaders for Good Government; L-E-A-D." Well, what does that mean? Well, it turned out that that was another one of the PACs of the Senate President at the time, and it meant nothing. You have to be able to identify these things.

I'm not being critical of anybody, because this does exist, and I'll bring out a couple of other examples in a minute or two. But PACs--

ASSEMBLYMAN HAYTAIAN: I'm curious. Where did that 100,000 go, to what? (laughter) What organization?

ASSEMBLYMAN SCHLUTER: RIFKA is a consultant--

SENATOR DiFRANCESCO: Not to you, Chuck. (laughter)

ASSEMBLYMAN HAYTAIAN: What was that, RIFKA?

ASSEMBLYMAN SCHLUTER: R-I-F-K-A.

ASSEMBLYMAN HAYTAIAN: And what's that stand for?

ASSEMBLYMAN SCHLUTER: Well, it is just consulting associates. The point is not how we can get -- or somebody else can get to that same--

ASSEMBLYMAN HAYTAIAN: No, no. We want to find out what candidates do they support?

ASSEMBLYMAN SCHLUTER: Well, this is very good because--

ASSEMBLYMAN HAYTAIAN: I think that's what we want to find out.

ASSEMBLYMAN SCHLUTER: Absolutely, because to trace these through the system is almost impossible now, and I think reforms have to be made.

ASSEMBLYMAN HAYTAIAN: It wasn't for the Jersey City mayoral race was it?

ASSEMBLYMAN SCHLUTER: I don't know. I can't answer that. It could very well be.

Getting right along, I think a phenomenon which has come into the picture, and Mr. Burstein, Mr. Rosenthal, and I were at a recent conference of Eagleton, sponsored by Carnegie where every state was talking about it: That is the growth of leadership PACs -- the growth of legislative parties, and that has really meant the diminution of political parties. But the requirement for leaders to go out and raise money, because the cost of campaigning -- because they have no contribution limits, and expenditure limits -- is so great, that they spend an inordinate amount of time raising money, and it's a vicious cycle. It's an arms race. But this is happening all over. And the package of bills recommends limits on the amount of money that can be transferred from one account to the other; identification of individual accounts, single accounts, rather than having a proliferation of accounts, so that they can't be looked at and figured out with any great degree of accuracy.

There are a number of other provisions. They're all listed in your material. It takes a lot of time to explain them. One of the most important ones is to identify the business and the occupation of a giver that is disclosed. That's required at the Federal level, but not at the State level.

And this has to be known, because if interest groups are giving, and then a lot of individuals are giving and they belong to the same interest group, how do you know? There's no way to tell. If this is what the purpose of disclosure is, that should be done, and it's, I think, an accepted practice by everybody.

Moving right along: The second bill deals with lobby reform. Lobbies and the campaign contribution go hand in hand. The most egregious loophole which I believe we have in the system now, is the "expressly" provision in the lobby law. And those who have studied this -- virtually everybody, except, I guess, the lobbying groups -- have been for its reform since 1982. The Election Law Enforcement Commission has recommended that that be taken out of there.

As an example: When lobbyists report ten-and-a-half million dollars of total expenditures in a year, and only \$28,000 of that was spent directly lobbying -- talking to legislators when legislation was discussed, defies credibility.

The other sections of the lobby law which are recommended for improvement are the fact that right now there is dual reporting by lobbyists. Some reports go to the Attorney General, some reports go to ELEC. It all should be centralized. I recommend it be centralized in ELEC.

And finally, a very big change would be to regulate lobbying the Executive branch. This has been recommended by ELEC for years. We had a situation in my district in eastern Somerset County last year regarding airport zoning, where some of the small airports were very, very concerned about DOT

having the ability, by regulation, to control development in that airport area, on both sides of the issue -- whether it's more development or less development.

And a lobbyist approached these for the towns, and one of my towns made a commitment for \$7500, and the lobbyist was going to raise \$30,000 to get an administrative decision favorable to these towns on airport zoning. It fell apart, but the fact of the matter is, to me, it was a little bit scary when you have to hire a lobbyist to get a regulatory change, and that is not recorded anyplace.

There are a number of other minor recommendations; minor in the sense of impact, but they cover a lot of things like reporting which are important to streamline and make the system more efficient.

My next proposal, which is A-52, is a bill which would provide partial public financing for legislative races. Again, the various components of that are spelled out in the legislation and in your report. Nothing is cast in stone. Keep in mind, really, if you have a comprehensive system where you eliminate loopholes, the biggest loophole that can exist, almost, is if you don't control what an individual who is very, very wealthy can do with his or her money, and can come in and buy an election. The only way you can do that is through -- right now the way the law is and the trial and error system that's been going on -- is through partial public financing, and there are ways to do that. Again, COGEL has a number of refinements that are important.

There is another provision which public financing will allow to take place, and that's limiting the expenses. I put in a figure of \$100,000. That's just a nominal figure to start with, but it's an important consideration.

I think one of the things this Commission has got to determine-- If you go into public financing of legislative races, are you going to have a limit on expenditures? A lot of

people say that this will favor the incumbent; we shouldn't have any limit. I disagree, if the limit is high enough-- If it's too low, then you are going to favor incumbents. But this is a fine-tuned engine.

I have another bill in, A-53, which really contemplates exactly what you are doing. And that's sort of sweeping up all of the miscellaneous kinds of issues that should be answered and should be part of a total package. How do you finance it? Very, very important. The question of leftover campaign funds; what they should be used for, and so on. You know, we have district offices; legislators know all about this. But there are things that you have to do. You have to put a sign out in front of your door. You know, the State doesn't pay for that. That costs some money, so you take it out of your "Friends of" account, or whatever. You buy tickets to dinners, not only political dinners, but to charitable, civic dinners. I was at a Boy Scouts' affair last night; \$135. It's part of the job. And this whole issue should be looked at.

With respect to ethics and conflict of interest, I would like the opportunity to come back when you get into that later on. I do think there's a lot-- The legislation which is out there is not as complete, and has not been distilled as much, as legislation on campaign finance and lobbying. It has to be studied, and your Commission has to do an awful lot of thought and analysis on that. I don't believe that you can go too far overboard and have a laundry list of everything in a disclosure statement, because you're going to discourage good people from running, and it gets too invasive of privacy, to the detriment, I think, of good public policy. Yet, you want to have enough that it's meaningful.

Right now we have a set of bills going through on local government ethics, where the disclosure is more restrictive than for our legislative disclosure, because it

would require disclosing real estate holdings. Well, I think we should-- The legislators should be held to the same standard as local officials. And another item for disclosure is major indebtedness. This doesn't mean credit cards, or it doesn't mean your mortgage, but if you have an outstanding loan, unsecured loan, of \$50,000 to a garbage hauler or something like that, I think that's important, and should be on the disclosure.

These are issues which your Commission will be studying, and there are-- This is one of the most difficult parts of this process. Now, I would like to, if I could-- This came up, and I apologize-- This came up really when I was shaving yesterday morning. I get my best ideas when I'm pottsing (phonetic spelling) around in the house. The Assembly voted on a bill on Monday; a dental assistants bill. And my comments to you -- the 20-some pages -- talk about the fact that money doesn't influence core issues such as abortion, or income tax, or something happening in your own district dealing with a road, but money really affects those non-core issues, and I think that particular bill was a non-core issue on dental assistants.

So, what I did in one day's time, was run down to ELEC, got all the reports from the New Jersey Dental PAC, and put them together and developed what I thought was a picture of that organization. This was a very heavily lobbied bill, as we in the Assembly know. It was a matter of professional turf. Should there be another classification of assistants, lower in the certification level than dental assistants, but should they be allowed to be available for dentists? The dentists were all very much in favor of it, and there were -- the dental hygienists and the dental assistants were against it.

So, I ask you to turn to the last four pages, which is Appendix C. And this analyzes the contributions made by New Jersey Dental PAC for one year, from April 1, 1989 through

March 31, 1990. I'm not going to go over all the detail, but it really spells out a lot of what we're talking about. It shows that the total contributions to Assembly candidates -- and this is all that we're concerned with -- was \$56,000. Now that \$56,000 was spread around among the various candidates, and if you look at page two you see those who voted yes on the bill, and there are some fairly large individual contributions to those people. I am not, for a minute, implying that anybody's vote was bought. But there is an interesting relationship to the size of the contribution -- and we're talking about contribution limits -- and the way these people voted.

The average contribution to people who voted favorably for the bill, from the Dental Association, was \$965. That's a direct contribution. Then we look at page three and we see those who voted "no" or those who abstained, and there are lower contributions, whereby the average comes out to \$384 per candidate. And, of course, you look at the first individual who got \$1500 and still voted no, and you say, well, that proves that. Well, it really doesn't-- Look at these figures. I think they tell a story. They tell a story about the size of contributions. They tell a story about where--

SENATOR DiFRANCESCO: It tells you they give to everybody, that's for sure.

ASSEMBLYMAN SCHLUTER: Pardon me?

SENATOR DiFRANCESCO: It says they give to everybody, that's for sure.

ASSEMBLYMAN SCHLUTER: That's right. It's sprinkled around. I think it says about the size of contributions, and-- Even if there is no causal relationship, is that good public policy? Is that good from a perceptual standpoint.

ASSEMBLYMAN HAYTAIAN: Well Bill, let me ask a question based on this--

ASSEMBLYMAN SCHLUTER: Yeah.

ASSEMBLYMAN HAYTAIAN: --before you go to the last page. Those that voted yes: There were 12 that voted yes that received no donation from the Dental PAC; 12 voted yes. Those that voted no: Seven voted no and didn't receive anything. I don't understand where-- Are you saying, that the larger the donation, the more people are going to vote for it, or vote against it? Yet, you have abstentions here. Ten received donations, and they abstained. Six didn't receive donations; they abstained. I think what you're showing here is it's pretty equal. Unless I'm mistaken. Unless I, you know--

ASSEMBLYMAN SCHLUTER: I can--

ASSEMBLYMAN HAYTAIAN: I look at numbers--

ASSEMBLYMAN SCHLUTER: I suggested that you look these over and study it, and you look at the average. Those who did not get anything are included in the average, so that is taken into consideration. I am not that sophisticated in probabilities and other statistical analysis, but it tells a story.

ASSEMBLYMAN HAYTAIAN: But you're a pretty good engineer, as I am, and you pretty well understand numbers. Numbers here-- And I'm saying to you, per your investigation-- All I want to make sure is that we understand this, because that's important--

ASSEMBLYMAN SCHLUTER: Yeah.

ASSEMBLYMAN HAYTAIAN: Twelve people received no dollars from this group. There were no dollars donated to them.

ASSEMBLYMAN SCHLUTER: Yeah.

ASSEMBLYMAN HAYTAIAN: They voted yes.

ASSEMBLYMAN SCHLUTER: Yeah.

ASSEMBLYMAN HAYTAIAN: Seven people voted no. They didn't receive anything.

ASSEMBLYMAN SCHLUTER: Right.

ASSEMBLYMAN HAYTAIAN: The correlation in numbers is the vote was 46, not to 33, because there were abstentions as well as absences.

ASSEMBLYMAN SCHLUTER: Yeah.

ASSEMBLYMAN HAYTAIAN: So, really the number was 46 to 11.

ASSEMBLYMAN SCHLUTER: Forty-six to twenty-seven. No, 46 to 27.

ASSEMBLYMAN HAYTAIAN: What was the number?

ASSEMBLYMAN SCHLUTER: You've got to take the abstentions, because they're the same as no votes, as we all know; 46 to 27.

ASSEMBLYMAN HAYTAIAN: All right. So then you had 10 people that received dollars from this group, from 500 on up, and they abstained. I don't understand the correlation.

ASSEMBLYMAN SCHLUTER: Well, you do it by percent.

ASSEMBLYMAN HAYTAIAN: Does that mean-- Well, I guess it's important because you pointed out some-- I don't want you to leave here, leaving us with the impression that we should look for something here that may not be here. I'm saying, based on your numbers, I'm asking some questions here.

ASSEMBLYMAN SCHLUTER: Yeah.

ASSEMBLYMAN HAYTAIAN: Based on your numbers, if I take the relationship of yes votes to no votes versus the dollars that people got, to the dollars people didn't get, the numbers are about equal.

ASSEMBLYMAN SCHLUTER: No, Mr. Haytaian. I refer you to the average--

ASSEMBLYMAN HAYTAIAN: All right. You can call me, Chuck. Don't get excited when I question you. You can still call me Chuck. (laughter)

ASSEMBLYMAN SCHLUTER: Chuck.

ASSEMBLYMAN HAYTAIAN: Don't get excited, Bill.

ASSEMBLYMAN SCHLUTER: Assemblyman.

ASSEMBLYMAN HAYTAIAN: I'm asking numbers.

ASSEMBLYMAN SCHLUTER: Minority Leader. (laughter)

You--

ASSEMBLYMAN HAYTAIAN: Thank you.

ASSEMBLYMAN SCHLUTER: The facts are there, and when you talk numbers don't say there are more people who didn't get money and still voted no, because it's percentage of people. There are a lot more people who got money and voted no than any others, if you take that criteria, or that particular stand.

The whole analysis is spelled out, and it was done right from the records, and the average contribution for people who voted yes, including all of those who got nothing, is \$965. The average contribution for those who were there and either voted no or abstained, was \$384.

DR. ROSENTHAL: Okay, Bill. Bill, you're-- What you're inferring here-- What you're suggesting, is that those people who got large contributions from the dental assistants were likely to go along because it wasn't a core issue.

SENATOR DiFRANCESCO: The Dental PAC.

ASSEMBLYMAN SCHLUTER: Yes.

DR. ROSENTHAL: It wasn't an issue that their constituents cared very much about, and it wasn't an issue that they might have cared very much about, and the campaign contribution had an influence on how they voted. That's what you're trying to suggest.

ASSEMBLYMAN SCHLUTER: The relationship is there for you to see, and whether it is a system of incentives, or rewards, or recognition, it is there. And I believe there is a causal relationship.

SENATOR DiFRANCESCO: Bill, these are dentists, right? The New Jersey Dental PAC?

ASSEMBLYMAN SCHLUTER: Yes.

SENATOR DiFRANCESCO: Okay.

DR. ROSENTHAL: These are the dentists or dental assistants?

SENATOR DiFRANCESCO: Dentists. Dental assistants don't have any money.

ASSEMBLYMAN SCHLUTER: No, these are dentists. And, please, this is not in anyway, impugning anybody or saying that anybody sold their vote, or anything like that. It's to say that this is what is going on in the system.

Now, if you don't-- Even if you don't agree that there's a causal relationship, but you think that perception is bad, and how many of these people will be seeing letters to the editor in their district: You got this much money from the dentists and you voted so-and-so-- This is part of the political landscape of which we live. It is a real issue that we're dealing with.

ASSEMBLYMAN HAYTAIAN: Bill, you didn't get any money, you voted no. You would have proven a point if you voted yes and you didn't get any money. (laughter) You realize that. I mean, you realize that that indicts you. I'm serious. I mean, I look at this, and I'm saying-- You know, I take the amount of no votes and the abstentions. That's a total of 13 who didn't receive any donations, and they voted no. And 12 didn't receive donations; they voted yes. I don't understand the point here? Maybe I'm dense, but I truly-- I do have an education in engineering, and I know probability. I also know percentages, and I don't think you proved your point.

DR. ROSENTHAL: Why don't we move on because--

ASSEMBLYMAN SCHLUTER: Well, let me just answer--

DR. ROSENTHAL: --I think we're all going to have to go--

ASSEMBLYMAN SCHLUTER: All right.

DR. ROSENTHAL: --and do our own math and make our own judgments.

ASSEMBLYMAN SCHLUTER: Look at, if you will, page four, which shows another very dramatic trend about the contributions to the committees which were also on the report of the Dental PAC. The different legislative fund-raising groups: 9250, 6250. Then there's another group--

Incidentally, talk about names that I don't really know what: Stand Up for South Jersey got 5000.

ASSEMBLYMAN HAYTAIAN: Ocean County.

ASSEMBLYMAN DEVERIN: Ocean City.

SENATOR DiFRANCESCO: Ocean City.

ASSEMBLYMAN HAYTAIAN: I'm sorry, Ocean City. I'm sorry.

ASSEMBLYMAN SCHLUTER: Ocean City. Does anybody know who that is? But that was on there. They gave to Stand Up for South Jersey.

ASSEMBLYMAN DEVERIN: Is this dental contributions?

SENATOR DiFRANCESCO: It's all dental, yeah.

ASSEMBLYMAN SCHLUTER: It's all dental contribution. New Jersey Leadership--

ASSEMBLYMAN DEVERIN: You know, Bill, what this does; guys who got such little contributions--

ASSEMBLYMAN SCHLUTER: Pardon me?

ASSEMBLYMAN DEVERIN: People who got such small contributions, or no contributions, are going to be very upset with the Dental PAC when they see the contribution list. (laughter)

UNIDENTIFIED MEMBER OF COMMISSION: You're right, this does make a very strong point.

ASSEMBLYMAN HAYTAIAN: Yeah, but not the point he wants to make.

ASSEMBLYMAN SCHLUTER: No, really, this is very pertinent. But, there it is and this is intended, with one day's effort, to put forth to you -- without being judgmental -- a situation which does exist, and this is the kind of thing that I think your Commission should wrestle with. I've really talked too long.

DR. ROSENTHAL: Yeah, maybe we should move on. Pat, you have a question?

MS. SHEEHAN: Could I just ask the Assemblyman one question? You mentioned earlier that at the Federal level the aggregate limit of 25,000 which does not exist in New Jersey was a way at getting at limitations on soft money. How does that relate to the fact that both national party Chairmen, in effect, bragged about the \$100,000-plus contributors that they had in the last Presidential election? It seems to me that the soft money is more of a problem now at the Presidential level than it's ever been, and the aggregate limit doesn't help that.

ASSEMBLYMAN SCHLUTER: I didn't know that they were bragging about individual contributors to -- direct to party things. Now there are other kinds of side groups; a very difficult matter, that would be get out the vote, or some sort of thing which would benefit one party or the other. This is going to take the wisdom of Solomon to proscribe these areas, the same as independent expenditures. But -- and maybe Alan knows, through his experience -- how they get around that aggregate by getting big money into what might be perceived as adjunct kind of political committees?

DR. ROSENTHAL: Yeah.

ASSEMBLYMAN DEVERIN: You know, if we have an in-house expert on campaign finance, it's probably Bill Schluter in the Legislature--

ASSEMBLYMAN SCHLUTER: Thank you.

ASSEMBLYMAN DEVERIN: --with maybe Martin and Baer, both close, second and third. Bill, how would you-- How would we-- And I agree with you. You have to have public financing of legislative races if we're going to correct all the problems we have. How would you finance it? Do you have an idea? I know we talked about income tax check-off, direct appropriation, or--

ASSEMBLYMAN SCHLUTER: Maybe we could have a larger income tax check-off, maybe there could be two categories. I believe that the system is so important to improve and correct

the excesses, that it is worth an appropriation. And we can't hide from it. ELEC has got to have the funds to do its job, and to do this system. And really its-- The funds needed by ELEC for their work are as significant and as large in magnitude as the funds that might be required under the public finance system.

The Bergen Record ran a tally, saying if all 120 races were up -- and this was when my numbers on public financing were \$10,000 of public money, rather than what they are now, and I think they're 20 -- it would cost the State, if everybody got it, on both sides, for the 120 races, it would be 2.4 million. Now, that's a lot of money. But, you know, as a legislator-- This might be harassing, but if it means taking off one more exclusion from the sales tax or something else to balance that, to raise that money, I think it's worth it, to preserve our system and make our system work better.

ASSEMBLYMAN DEVERIN: Do you think a check-off would bring us enough money, Bill, just by itself? Because I think the public has the feeling they would like to see financial (inaudible) into this nonsense. And I think they'd be willing to put a check-off if we could make it--

ASSEMBLYMAN SCHLUTER: Well, of course, that, in itself, takes money from the Treasury, too.

ASSEMBLYMAN DEVERIN: Yeah, one way or the other.

ASSEMBLYMAN SCHLUTER: Yeah, one way or the other it's going to cost money.

DR. ROSENTHAL: I think the experience of check-offs in Minnesota and Wisconsin is not a very favorable experience. I think you either-- If you don't finance it out of general revenues, you will have much less to distribute, and if you seriously want to have public financing--

ASSEMBLYMAN HAYTAIAN: Alan?

DR. ROSENTHAL: --I think you have to provide for it.

ASSEMBLYMAN HAYTAIAN: I'm sorry for interrupting. I have one last question, if I might, because I failed to ask Skip Cimino, but I detected from his discussion here that he is not in favor of a full-time Legislature. Now, I come to that conclusion based on his remarks, and that may not be accurate. What's your opinion, only because I'm not-- You said we are going to have some ability later on to discuss, but we may not have legislators here. I'd like to hear from them, if that's possible. Bill, what are your thoughts on a full-time Legislature?

ASSEMBLYMAN SCHLUTER: Chuck. (laughter)

DR. ROSENTHAL: That was a friendly question.

ASSEMBLYMAN HAYTAIAN: Now I know you're not mad at me, Bill.

ASSEMBLYMAN DEVERIN: What happened to the "Mr.," right?

ASSEMBLYMAN SCHLUTER: In one of these sheets that's an addition, I have a comment -- I'm trying to find it -- which I'd like to read.

SENATOR DiFRANCESCO: It has to do with the ethics portion of it.

ASSEMBLYMAN HAYTAIAN: I guess it's on page 26. You've got something there.

MR. COLE: Page 23, you have something, Bill. Page 5 on your inserts.

ASSEMBLYMAN SCHLUTER: Page 5 on the inserts.

MR. COLE: Page 23.

ASSEMBLYMAN SCHLUTER: Yes, you're right. I'm sorry; absolutely right; which is the new page 23. And I say, with respect to conflicts of interest and ethics and with respect to full-time legislative services, clearly allowing a conflict of interest to exist purely on the basis that we are a part-time Legislature is unacceptable in my judgment. In this context, it is reasonable for your Commission to review the question of full-time legislative services.

ASSEMBLYMAN HAYTAIAN: Now I know why you called me "Mr." You agreed with me. I mean "Chuck," I'm sorry.

SENATOR DiFRANCESCO: Do you agree?

ASSEMBLYMAN SCHLUTER: No, I'm--

ASSEMBLYMAN DEVERIN: He doesn't-- You're not necessarily in favor of it.

ASSEMBLYMAN SCHLUTER: I don't necessarily agree, but I think it should be part of the discussion, because if this group comes back and says we can't have a strong conflict and reasonable -- good, meaningful conflict of interest, because we've got a part-time Legislature, I don't want to buy that, and I think we have to consider the alternative then. Now, maybe that doesn't mean we accept it in the final legislative battles, or anything.

SENATOR DiFRANCESCO: Well, are you a full-time legislator now?

ASSEMBLYMAN SCHLUTER: I happen to be just because of circumstances, Senator.

ASSEMBLYMAN DEVERIN: He's out of a job, that's why he's a full-time legislator.

ASSEMBLYMAN SCHLUTER: Ms. Hochman's boss told me I couldn't work at my old job if I was in the Legislature, so I had to quit.

SENATOR DiFRANCESCO: Well, I guess I should remember that.

MS. HOCHMAN: Well, you know there's always conflicts of interest.

ASSEMBLYMAN HAYTAIAN: But that happens to a number of us, quite frankly. I mean, I was getting tired of having charges leveled at me because I was in engineering, and so I'm out of the engineering field. That's what happens, and that's why a full-time Legislature would take the whole situation away.

ASSEMBLYMAN DEVERIN: Yeah, but it still wouldn't do away with conflicts of interest. If your wife is in some kind

of business -- you're a full-time legislator -- your brother, or something; you'll never do away with it. It's in your heart and your head whether you're going to do it with conflicts of interest, not so much if you're full-time or part-time.

SENATOR DiFRANCESCO: It depends on how you define the conflict.

ASSEMBLYMAN HAYTAIAN: Yeah, true.

ASSEMBLYMAN DEVERIN: That's right.

ASSEMBLYMAN SCHLUTER: If I can go one step further: This Eagleton conference at Williamsburg that Mr. Burstein and Mr. Rosenthal and I were attending, many of the legislators from the other state talked about citizen Legislatures versus full-time service, and the consensus there was to preserve the citizen Legislature wherever you can; that it was a very desirable result to preserve. But there was still a recognition that you have to do away with some of these conflicts.

Now, you know, a full-time legislative service in New Jersey -- if I can be the devil's advocate or jump to the other side -- does not mean that you have to have maybe 120 members. Maybe you can cut down the numbers, and then with reasonable salary, the total cost would not be that much different, as far as cost-- And do away with multimember districts, and things like -- whatever.

ASSEMBLYMAN DEVERIN: It would make some people very happy if we could cut it down to about six. (laughter)

DR. ROSENTHAL: I think we should move on. Thank you very much, Assemblyman Schluter.

ASSEMBLYMAN SCHLUTER: Thank you.

DR. ROSENTHAL: Assemblyman Martin.

SENATOR DiFRANCESCO: Professor Martin is here.

ASSEMBLYMAN ROBERT J. MARTIN: This is not my class, and, in fact, if I may, I just would commend the choice of your Chairman on this Commission. I've used your

textbook in my courses in college, teaching State and local government. In fact, I've even used them at Seton Hall Law School where I teach some courses on legislation in State government. So, much of what I've learned about New Jersey, outside of the halls of Trenton, is through reading some of your materials and the other folks at Eagleton.

DR. ROSENTHAL: Thank you. I would suggest to the Commission you listen very diligently to this witness. (laughter) He probably has some excellent suggestions.

MR. EDWARDS (Assembly Minority staff): He always made them bylaws. I never read one. (laughter)

ASSEMBLYMAN MARTIN: I thought the best way to-- Had I really thought about people like Michael Cole, and his ability to read material at great volumes, I probably would have written something, but I thought the best way I could approach the Committee is not by presenting you with-- And, in fact, partially because of my laziness, I didn't put it together, nor did I want to go word for word on at least half a dozen bills that I've introduced that deal with much of the area that your Commission has been charged with, but rather, I thought that it might be most appropriate to talk about some of the topics that Frank was kind enough to tell me that you are -- at least are topics of consideration. I thought I'd run down ten or so of those topics, and then be more than willing to discuss in detail whatever areas that you think are appropriate.

I might also say that Bill Schluter and I have spent a lot of time on the State Government Committee as has Skip Cimino in talking about some of these things, and I do agree with much that has gone before. There are some areas of disagreement; I hope to draw, at least, most of the important ones out as I talk in my 14 or 15 minutes, or whatever.

Starting with limitations of contributions: I think that if we're in the area of campaign financing, more so than

public financing this is the best targeted contribution we can make for the State of New Jersey. I think the issue of appearance of influence -- that money talks -- is something that has to be dealt with. I think the way to deal with that, first and foremost, is by limiting contributions.

I think it's been discussed, and it's been bantered about, about the insult to legislators that they would take money. I think we know what Bill Schluter was talking about with the Dental PAC. He didn't want to say it, but I think it's pretty clear what the inference was that he was drawing. As one of the four people who received money from the Dental PAC and voted against the bill Monday-- I recognize, I think that, as a four-term legislator that there's basically two things that helped me in getting reelected; that's money, and that's by developing constituencies, and by voting against the Dental PAC, I don't expect that I will receive my \$500 contribution that they gave me during the last term, nor do I expect them to go out of their way to support me.

That may or may not happen, but, you know, I think that we feel that as legislators, as long as the contributions aren't so significant, or so disproportionate that we can make those decisions, based upon what we think is good public policy-- I happen to disagree with the Dental PAC, and the dentists on that particular issue. They lobbied as did others. And I think that the Legislature made a decision, although, at least in the Assembly, against my particular position. But I don't think it was based on the amount of contributions. Had the Dental PAC given much, much larger amounts, I think that people may be more inclined to give them special attention, and I think that that's why limiting contributions is something that needs to be done.

As far as amounts go, I would agree that I think the Congress has established a bench mark. I don't think we want to exceed \$1000 with respect to individuals. I also believe

that there's a place for PACs. I agree with Bill Schluter, that there's a number of things that we have to do with PACs in order to improve them.

But I think they have a place. I think they should have limits. At the Federal level it's \$5000. I think \$2500 in New Jersey is reasonable for PACs. I wouldn't, at this stage, necessarily-- Although I'm not opposed to the concept of putting a limit on overall contributions, because if you place limits on each legislator on individual contributions of \$1000 -- in effect, you do have a ceiling, and I don't know that we have to say that you only can contribute to 25% of the 120 legislators, or even of the 240. If somebody wants to give to both parties in each district, as sometimes some people--

SENATOR DiFRANCESCO: The dentists obviously did.

ASSEMBLYMAN MARTIN: Some people like to cover all their bets, I suppose.

As far as public financing -- and I've given this a lot of thought -- I'm not convinced that we need to go to public financing at this stage, and I say that for a couple of reasons: One, I think that we should try limiting contributions. Public financing has some problems, one of which is, I think, the public, despite what some of you may feel, I think there's a concern that some of this money will be wasted. I don't know how we separate negative campaigning from positive campaigning, and I think that given maybe the state-of-the-art in New Jersey right now, to start having a lot of public financing, and to see that in ways that the public finds distasteful and out of bounds, I think is not good. I also recognize, as I think most of the people at this table, that there's about 10 competitive districts in the State of New Jersey, on average, and for most of the other districts, the races are really, I think, pretty much settled before they begin, at least at the general election. Certainly, in the

primary that's a different story, but to see public monies being poured across-the-board, I have some strong reservations and think the public would, too.

If this Commission decides to go in that direction, I think that you might be able to consider a tiered approach, by recognizing some kind of concept that maybe each party could -- and I'm talking about the two major parties -- might designate 10 districts in which they would identify as being-- It could be 20. I suspect that both parties may come up with the same 10 districts, as being those which should have a higher, a much higher amount of money -- public financing than the other districts and as such, you might have a tiered approach. I'm not sure about all the constitutional aspects of that, but I think it might be doable.

If we did that, there would be a recognition in those targeted districts in New Jersey; you have to spend a lot of money in order to be competitive. I've seen it in Morris County where in one particular race a couple of years ago; Senator Dorsey, who normally runs without much competition, the Democratic party made a real effort to unseat him, and to do that, we're talking about a \$200,000 or \$300,000 race in order to be competitive.

Most districts, like mine-- We have no dominant newspaper in my district. My district crosses two counties. We have no single cable company. We have four. We have a very difficult ability-- There's no major radio station in our district. There are a few scattered small ones. There is no way to really get a message across, especially if you're not an incumbent, without spending a lot of money, and I think to have public financing, unless you're willing to identify certain districts, and really make the ceiling high enough, it really would be incumbency protection, rather than fairness.

So, I have some problems with public financing. I agree that the amounts may be getting -- I don't want to say

out of hand but, they have escalated, certainly beyond inflation. But I think that if we limit contributions both in PACs and to individuals, I think we may see that those amounts will not escalate as they have in the past.

I understand that the Commission may be considering limiting the number of years of legislative terms. I don't think this is your proposal, Tom, but I would just say--

ASSEMBLYMAN DEVERIN: No, no, I voted against it yesterday.

ASSEMBLYMAN MARTIN: Well, recognizing there may be some merit to that, I think it does, in the long run, take away accountability. Most of us as legislators, especially I think in the Assembly with two year elections, I think the whole basis of having two-year terms is to have accountability, and we know, very well, that the public is-- We're always in an election-- We seem to be always in a campaign mode. I think by doing that you would-- We respond more clearly to what we perceive to be as public reaction. So, I think if we take that away and limit terms, I think you'll be working counter to that concept, which I think is a good one for New Jersey.

As far as some of the lobbying aspects, I agree that-- I had legislation in that we need to strengthen disclosure both of candidates and more importantly, by lobbyists. Bill, I think gave good examples of the fact that we need to have better identification of donors; who they are, their sources, who they represent, the names of employers. There's a whole list of items that we can do in that area. I think, very simply-- And I don't think legitimate PACs or donors really have a problem with that.

As far as raising reporting thresholds from \$100, I don't know that that's necessary, although I understand it may make life administratively, a little easier, but I think we all recognize that sophisticated candidates, when they look for donations now, will look for family members, including sons,

daughters, parents, anybody who can contribute, and when we see \$100 contribution, it might be interesting-- Sometimes that can be in multiples of four or five, and to know that if we were to up that threshold to \$500 or \$1000, the same family, the same sort of person, but maybe with multiple heads, would be able to contribute much greater amounts. I would recommend, for the time being, that we leave the reporting thresholds of contributors at \$100.

I think that as ELEC has pointed out, we have to have greater disclosure of gifts. I see no problem with that. In fact, I think their dollar value should be indicated. People are going to be giving gifts to legislators over a certain amount, be it \$100 or whatever amount you may feel is appropriate. I think that that should be reported.

I've also favored some other reporting. Further disclosure about quarterly amounts of lobbyists and actual contribution limits, as far as how much a lobbyist can give a Legislature in a given quarter, I think that that needs to be strengthened.

I feel very strongly, and have also introduced legislation that ELEC should have a stable source of funding. I think it's reasonable that that funding should come from a surcharge, if you will, or a fee out of those who do receive contributions. If we leave it up to the General Treasury, we get a year like this year, and ELEC like everyone else is scrambling for dollars and may be asked to do the impossible.

I think it's very, very important that if you are going to come out with strengthening campaign financing and lobbying laws that ELEC be given top consideration, because if they don't have the enforcement mechanism, we're going to have a bunch of laws on the book, and I don't think it's fair for those of us who feel that we're the sincere and honest people in the system. I think we need to know that if we're going to play by the rules, that others will also be held accountable.

I think that's terribly important that you provide for a mechanism, essentially funding, that ELEC will be able if that's-- I would assume that ELEC would be the persons charged with carrying out the enforcement of much of these areas.

Something I neglected before, but I want to say: As far as limiting contributions, I think it's very important that contributions be limited to those below the level of the Legislature. I'm talking about mayors, freeholders, and others. First of all, from, I guess, a selfish point of view, those are usually the people who turn around and run against legislators, and it certainly wouldn't be fair that contributions be given -- limited to the Legislature and not recognize that some may or may not be stockpiling up a bunch of money, preparing to -- and be able to use that to run in a legislative race.

But even aside from that, I, as a municipal attorney, and have represented some planning boards and boards of adjustment-- I think, while it may not be in your purview, there's-- I am bothered by some of the amounts of money that have been raised at the local level. And just like I've seen, where the legislators have been more the aggressors in recent years in some cases, as opposed to the lobbyists, I've also seen it happening at the local level, both at the freeholder or county level as well as local, where very aggressive persons who control planning boards, who may control positions of influence at the county level with garbage and some of the other areas that now the counties are involved with; multimillion dollar responsibilities in which engineers, consultants, attorneys, and whatever may be able to gain, that we take a look at that, as well, and you consider that, within the contribution limits.

As far as prohibiting -- limiting transfer of funds, I agree 100% that a candidate should be limited as far as the amount in which they can transfer for themselves to other

candidates. I don't think it should be a total ban. I think it should be a proportion, and one of the bills I had, it spelled out that no more than half of one's funds -- and I'm not sure whether that's too generous, and it may well be -- should be used for other candidates. I think it's only fair to contributors to know that if they contribute to Bob Martin, that Bob Martin is not going to take most of his money and give that to other candidates who may be totally in disagreement.

SENATOR DiFRANCESCO: Bob, are you talking about campaign funds, or are you talking about PACs?

ASSEMBLYMAN MARTIN: I'm talking about campaign funds. So that, I think there should be a limit on my money that I raised, being able to, in turn, contribute that to other candidates. As I said, it shouldn't necessarily be 100%. But if I raise \$100,000 for--

ASSEMBLYMAN DEVERIN: It's not 50% to one candidate, you mean to all candidates.

ASSEMBLYMAN MARTIN: To all candidates. But if I raise \$100,000 this year, I shouldn't be able to turn around and give \$80,000 to the First Legislative District to help somebody else. I think there has to be some -- be put some limits on that which presently is not--

ASSEMBLYMAN HAYTAIAN: What happens, Bob, though when the campaign is over? Generally, at least, from my understanding, candidates then put it into a "Friends of" or an ongoing political action committee. What do you do with that? Are you also saying limit that?

ASSEMBLYMAN MARTIN: Well, I have a point on that, too.

ASSEMBLYMAN HAYTAIAN: Or just during a campaign?

ASSEMBLYMAN MARTIN: I have advocated through legislation that a candidate should only have one fund at any one time; either a campaign fund during a campaign season, or a "Friends of" account.

ASSEMBLYMAN HAYTAIAN: Well, ELEC says just the opposite. They want you to -- if you do have an ongoing, to then, when a campaign comes-- So they can, really, make sure they understand the flow of the dollars -- have a campaign fund, because there's a 29 day reporting period, whereas the ongoing political committee is a quarterly report. During the election, whether it be primary -- and that's where it gets all screwed up because of reporting days and 48-hour notice-- I mean, half the time people don't know what they have to do, and that's where the problems come in.

ASSEMBLYMAN MARTIN: I agree. And I think-- What I'm saying is-- We're talking about a couple of points. One, is I don't think candidates need multiple funds: multiple, either PACs, multiple friends accounts, or whatever classifications. I think there should be, at most, one "Friends" account and one campaign fund, and possibly, unless you change the system, you would have one fund which may be able to be used for both purposes.

Outside of that or besides that, I think there should be a limitation on one's ability to use that money for other candidates and contribute. I think the State parties have a role to do that. I think that the Republican Assembly or the Democratic Assembly Majority may be able to raise money, and you can provide for that, but I think it's important to contributors that their monies aren't being used-- Because you know, Schluter made a good point before about the idea that if you're going to have PACs, and maybe a PAC decides to contribute because ideologically Bill Schluter represents their interest, so they make a contribution to Bill Schluter. Then if that money is turned around and given to Bob Martin, I may be, you know, totally opposed to their views, and I don't think that somebody contributing to that PAC should, you know, should-- They should have the confidence to know, at least, who that's going to, by and large.

ASSEMBLYMAN HAYTAIAN: But Bob, under that scenario, you're saying that people donate, and therefore, in essence you agree with Bill; there is a tendency to buy a vote. Is that what you're saying?

ASSEMBLYMAN MARTIN: No.

ASSEMBLYMAN HAYTAIAN: I'm not quite sure I understand that. I mean, for instance, if a person donates to Schluter, is that person donating to Schluter, expecting Schluter to follow the party line?

ASSEMBLYMAN MARTIN: I think that the reason-- Let's take a hypothetical. Let's say some environmental group gave some money through a PAC to Bill Schluter. Why? Presumably because he votes in a way which they support. Okay. I don't think that the bulk or majority of that contribution should then be placed in a campaign -- for a campaign to elect myself or somebody else who that environmental group may feel is harmful to their purposes.

SENATOR DiFRANCESCO: Why?

ASSEMBLYMAN HAYTAIAN: Well, then, you've proven my point.

SENATOR DiFRANCESCO: Is this something that--

ASSEMBLYMAN HAYTAIAN: They're buying a vote, or they're buying a legislator by that contribution.

ASSEMBLYMAN MARTIN: You want to categorize it as that. I don't think it's buying a vote. People contribute because they want to see certain candidates, because they support certain ideas and principles.

ASSEMBLYMAN DEVERIN: That's right. It would be like Right to Life giving to somebody, and then you give it to a Right to Choose candidate.

ASSEMBLYMAN MARTIN: Right.

ASSEMBLYMAN DEVERIN: It would be absolutely crazy; madness.

DR. ROSENTHAL: But given your logic, then why should there be any pass-through, any transfers? If you don't think that a contributor should have his or her funds used for that purpose, you know, to support a candidate who is of a different ideological persuasion, why do you have any transfer? Why allow candidates to pass--

ASSEMBLYMAN MARTIN: Taken to its logical conclusion, Mr. Chairman, you're correct. Right now--

DR. ROSENTHAL: It would be more practical.

ASSEMBLYMAN MARTIN: --we have unlimited amounts. I'm trying to deal with what I think is practical. I think that it makes some sense. There's also certain times where legislators may, for their own political reasons, want to attend a fund-raiser for someone else, or some others that may cross over, and you get sort of a gray area. And I don't want to, you know, create a mountain out of a molehill, but I think that it's-- The principle needs to be protected.

DR. ROSENTHAL: But the transfer limitation would not affect party funds or party PACs?

ASSEMBLYMAN MARTIN: That's correct.

DR. ROSENTHAL: Legislative party.

ASSEMBLYMAN MARTIN: Because if you're contributing to the Republican or Democratic party or the Assembly Democrats, and you understand that that's going presumably for them to expand--

DR. ROSENTHAL: Elect Democrats or Republicans.

ASSEMBLYMAN MARTIN: --their number of candidates.

ASSEMBLYMAN HAYTAIAN: Yeah, but, Mr. Chairman, and you know, I think this is a real good issue because I think it gets to the heart of a lot of the questions that come up -- political parties are set up, not to help one candidate, but to help their political party become a majority, for instance, in the Legislature. Now, in the Democratic party as well as the Republican party we have people on both sides of an issue.

Now, when someone from one side of an issue gives money to the political party, are they expecting that money to be given only to the members that agree with them? No, absolutely not, that's why you can't carry that to that degree, because if we do, then you're right, there should no pass-through. There should be no political parties receiving donations either.

DR. ROSENTHAL: But the difference is, that if you give to a particular candidate, you presumably believe in that candidate's position. Therefore, if that candidate gives that money to another candidate who is antithetical to your position or your group's position, that is sort of deceptive advertising.

ASSEMBLYMAN HAYTAIAN: Yeah.

DR. ROSENTHAL: Whereas when you contribute to a party, you know that that party is going to allocate it, presumably, to members in competitive districts in order to gain or maintain a majority.

MR. COLE: Bob, would you put any limits on the amount a political party PAC can contribute to any candidate?

ASSEMBLYMAN MARTIN: I think there should be a limit, but I don't know what the amount should be.

MR. COLE: It's not the 2500 you mentioned before?

ASSEMBLYMAN MARTIN: No, no, in fact, I believe that part of the approach should be to strengthen the parties. Even to the extent that we've just talked about, where certain contributions would go to the party, it would be more likely that Chuck Haytaian, for example, who is Minority Leader, rather than having a fund-raiser for Chuck Haytaian, if he was seeking to raise money for the Republican Assembly, would do it through some other form; that the persons contributing would recognize that it would be going for that purpose, rather than to Chuck Haytaian's own campaign directly.

The last area I wanted to touch upon was ethics. I guess, sort of like Bill Schluter, I haven't worked out in my own mind how to deal with problems. I think they exist. I

think that The Bergen Record, despite what I think what may be a few -- perhaps overstating and overgeneralizing, I think that some of the examples pointed out in that series of articles show that there needs to be, in the area of conflicts, stronger laws.

Now in my view, I guess I agree with Mr. Haytaian to a certain extent: The best way, perhaps, to deal with conflicts in the broadest sense, would be through a full-time Legislature. However, I don't support that concept, partially because I don't know what a full-time Legislature is, and I don't know that we could ever create one which I think is fair. Does that mean, for example, a full-time legislator could not receive any passive income? What does it do a spouse's financial situation or other household income? Does that mean that someone could not serve on a board of directors of a bank or other sort of part-time positions? Does that mean that mayors and other elected officials who receive money would have to give that up?

I think if you tackle that issue, you may, as a practical matter-- That might consume this Commission in and of itself.

I don't think that New Jersey necessarily needs that. What we need at the present time is a stronger identification of what conflicts are to the extent of having disclosure of who principal clients are. And I'm a lawyer, and I'm sensitive to attorney/client privilege and some of the areas there. And also other businesspersons, I think, that to the extent we can do that, under the Constitution, I think we need to do that. I think there's a real problem, frankly, from, you know, the example in The Bergen Record, of a Chairman who has a Committee whereby they are passing laws directly which would have a major impact on some of their principal clients, is wrong.

I don't know quite how to deal with it, but I really do think that that needs to be addressed and would be anxious

to see how the Commission tackles it, but I think it really does need to be tackled.

So, with respect to ethics, as I say, I'm not-- I don't think that we need to have a full-time Legislature, although that certainly would -- if we could have a pristine and pure one -- I think that would eliminate most of the conflicts. I'm not sure that that's possible, and I don't know whether that would ultimately just make a Legislature somehow of the beautiful and the talented and others who might otherwise want to be in the Legislature might not be able to participate. Thank you.

DR. ROSENTHAL: Any questions?

ASSEMBLYMAN HAYTAIAN: I have one. Bob, I'm not quite sure if I heard this correctly: To finance ELEC, I thought I heard you say that ELEC should, in essence -- and this is my phrase -- skim off the top of donations. Is that what you're saying?

ASSEMBLYMAN MARTIN: That's a proposal that ELEC has made, and I agree with it.

ASSEMBLYMAN DEVERIN: Charge a fee.

ASSEMBLYMAN HAYTAIAN: Charge a fee to lobbyists or to those receiving donations? I thought it was-- I thought it was to lobbyists when Fred (referring to Frederick M. Herrmann, the Executive Director of ELEC) was here.

ASSEMBLYMAN DEVERIN: Everybody that files, he said.

MS. SHEEHAN: To register; anybody that files a report.

ASSEMBLYMAN HAYTAIAN: Anybody that registers. That's what it was. But are you saying now that whoever donates -- those lobbies who donate to candidates -- ELEC should also take a portion of that from the candidates?

ASSEMBLYMAN MARTIN: No, I meant those--

ASSEMBLYMAN HAYTAIAN: Okay, I want to make sure.

ASSEMBLYMAN MARTIN: --that have file--

ASSEMBLYMAN HAYTAIAN: Okay.

ASSEMBLYMAN MARTIN: --that they would have to pay a fee for those who--

ASSEMBLYMAN DEVERIN: So, you don't see anything wrong with a candidate who files, paying a small fee for filing?

ASSEMBLYMAN MARTIN: No, in fact, I endorse it as a--

ASSEMBLYMAN DEVERIN: Well, that's not what he's saying.

ASSEMBLYMAN MARTIN: --as the best method of financing ELEC.

ASSEMBLYMAN DEVERIN: Are you saying--

ASSEMBLYMAN HAYTAIAN: No, I just want to know what he's saying.

ASSEMBLYMAN DEVERIN: A candidate-- Anybody that files a report with ELEC should be charged a fee of some kind, or a graduated fee?

ASSEMBLYMAN MARTIN: I guess so. I mean, if you don't-- If you file a report that says you're not spending any money, I think--

ASSEMBLYMAN DEVERIN: Charge them a \$2 bill.

ASSEMBLYMAN MARTIN: I think that maybe a percentage may be the best way to handle it.

DR. ROSENTHAL: Senator.

SENATOR DiFRANCESCO: Bob, based upon what I've heard from all three legislators, I've come to the conclusion that, perhaps, even though you all say differently, we shouldn't have PACs. How do you feel about that? What is the good derived from a PAC? What good government is there derived from a PAC, you being a professor of law that you are?

ASSEMBLYMAN MARTIN: Well, this is a discussion that one can enter. I mean, I think you understand--

SENATOR DiFRANCESCO: Am I putting you on the spot?

ASSEMBLYMAN MARTIN: No, I've had discussions-- It's an underlying concept that this is one way in which the public -- one single person can maximize and strengthen their ability

to contribute in a meaningful way. And I don't disagree with that, but the PACs right now, both at the Federal and the State-- I mean, I think that when they were created -- I guess it was about 20 years ago, maybe a little less-- You know, we've understood that we need to do more than fine-tune; we need to strengthen the way in which we have them operate.

SENATOR DiFRANCESCO: Bob, but I recall running a campaign when I don't recall getting a PAC contribution, and if I did, it was very little. It was my first campaign, and therefore, I raised not that much money, nor did I spend a lot of money, of course, because I didn't want to go into great debt.

I believe that because of PACs, we now spend a great deal of money in campaigns, and we have less emphasis on collecting the individual contribution, because we don't have to. We can just rely on the PACs, put pressure on the PACs, and say, "I need more than \$500. I need 1000. I need 2000 from you. I need 5000 from you." And they'll necessarily-- And if you limit that PAC to, let's say, a \$1000 contribution, then they could go out to their membership because they're organized as a PAC, and say, "Okay, I need a \$500 check from you, I need a \$500 from you, and a \$500 check from you, and a \$500 check from you." And then come to my office and give me all these \$500 checks.

I'm trying to decide whether it's good to have PACs that contribute money. I mean you could have--

ASSEMBLYMAN MARTIN: Well, yeah. I think you have to--

SENATOR DiFRANCESCO: Trade associations are a different thing, but I mean PACs contribute money to candidates, cause the greater expenditures, cause many of the problems that you three people are talking about.

ASSEMBLYMAN MARTIN: I believe that PACs, when you break them down, are really a number of individuals, be it members of a teachers' organization, or middle managers of some

business in which they realize that their -- in the likelihood that they may contribute \$1 or \$5 or \$8 to a single candidate is not going to mean a lot. And they probably won't get around to doing it, but are willing to say, "Let's pool our money and select our candidates who mean something to us, and make a meaningful contribution." I think it helps--

SENATOR DiFRANCESCO: That's the ideal.

ASSEMBLYMAN MARTIN: Yes. And I think that, you know, to the extent that we can carry that out-- By the way, I just want to say that in New Jersey, I don't have a problem with corporate contributions, although I know that this is one of the things that Bill Schluter and I disagree with. One of the reasons is, I think, to a certain extent, it balances out what Chuck Haytaian was concerned about, and that is how do you put some dollar value on those who participate through time? And I agree with Skip Cimino; it's largely unenforceable.

And I don't want to discourage groups who are willing to organize and put time and effort, and care about elections, from contributing time and doing their thing, whether it's the National Rifle Association, environmental group--

SENATOR DiFRANCESCO: Well, Bob--

ASSEMBLYMAN MARTIN: --a workers' union.

SENATOR DiFRANCESCO: Corporate PACs exist, I think, because they had to form these PACs--

ASSEMBLYMAN MARTIN: No, I was talking about corporate contributions, which are permitted now in New Jersey.

SENATOR DiFRANCESCO: Corporate contributions are trying to offset PACs and trade associations. The first campaign, ironically, was against Betty Wilson, who I know we had -- who I respect very much, but that was my first campaign. I went to my town-- I remember this vividly. I went to my dentist who was a friend of mine, and he told me that he had contributed to the Dental PAC; \$100, whatever it was. And he was appalled that I was his personal friend, and

they gave her money and not me, which we all know, that's just the way the system is. They assumed she was going to win. And he doesn't want to give two contributions; he wants to give one contribution.

ASSEMBLYMAN HAYTAIAN: So did we think she was going to win. (laughter)

SENATOR DiFRANCESCO: So, that's the other side of pooling your money. Pooling your money is great, but now--

DR. ROSENTHAL: The answer is to change your dentist. (laughter)

SENATOR DiFRANCESCO: He's contributed to me since then. I still don't see the good coming out of PACs, why we should permit PACs to contribute money, because I see nothing but bad, based upon everything I've heard today.

ASSEMBLYMAN MARTIN: I might just say that I agree with you to the extent that if PACs exist, they, like individuals, should have limits. I'm concerned about anybody being able to make such a difference in a given race that they're an I.O.U.

SENATOR DiFRANCESCO: Bob, you know, let's take the Trial Lawyers -- I'm a lawyer, Mike's a lawyer. They can go to a lawyer and say, "Give me 1000 from you, 1000 from you, 1000 from you, 1000 from you," because that PAC is organized as a PAC. They have the ability to do that. If it was just the members of the State Bar Association membership, you couldn't do it with those people, but once you have PACs, PACs can still do that; get around the limits. PACs can get around the limits.

And I know you can't solve every little problem. I know that's-- You know, that you'd say that to me. You know, close one hole, you open another. Gregg (referring to Gregg Edwards, Assembly Minority staff) said that many times. I don't see the point in having PACs, unless you want to raise a lot of money.

ASSEMBLYMAN DEVERIN: I have a question. I'm sure it will be resolved before this is over with. I seem to remember when we had the first campaign finance court case -- and I think to solve this we're going to need some kind of public financing because I don't think the courts will allow us to limit the contributions of individuals to a candidate, unless there's some public input into it. Do you think we can limit the contributions without public input?

MR. COLE: Tom, I thought you could limit contributions but not expenditures.

DR. ROSENTHAL: Not expenditures, but contributions.

ASSEMBLYMAN DEVERIN: I don't remember the case, Alan, but I remember that law. But I think at that particular time--

ASSEMBLYMAN MARTIN: The Buckley case; Buckley v. Valeo, I think it was.

ASSEMBLYMAN DEVERIN: With the expenditures were 50 cents per vote, and I thought they said they couldn't limit the contributions. I thought one of the lobbyists took the court case, and I don't remember exactly--

MR. COLE: I thought what came out of it, was you could place limits on contributions to candidates--

ASSEMBLYMAN DEVERIN: But there were two cases, I think.

MR. COLE: --but not spending limits.

ASSEMBLYMAN DEVERIN: That you violate either the civil rights or the First Amendment rights of someone, by saying, "You can only give so much to so and so." "It's my money, I can do as I please with it," if I remember correctly.

ASSEMBLYMAN MARTIN: Well, I think that--

ASSEMBLYMAN DEVERIN: Unless there was--

ASSEMBLYMAN MARTIN: I think the distinction--

ASSEMBLYMAN DEVERIN: Unless there was public money.

DR. ROSENTHAL: Using your own money. You can use as much of your own money as you want.

ASSEMBLYMAN HAYTAIAN: Mr. Chairman?

DR. ROSENTHAL: Yes.

ASSEMBLYMAN HAYTAIAN: I tend to agree with Don. Senator DiFrancesco and I would agree that PACs--

SENATOR DiFRANCESCO: And we haven't discussed this, either.

ASSEMBLYMAN HAYTAIAN: No, let me tell you, I agree because, I'll give you an example: A guy and his wife who comes to my picnic on a yearly basis comes because he wants to come and see me, and say hello to me, and say hello to friends that -- mutual friends. Get rid of the PACs, and we get rid of the problem.

MR. COLE: What about party PACs?

ASSEMBLYMAN HAYTAIAN: Across-the-board, I think it's about time. Maybe that's the simple solution to this problem.

DR. ROSENTHAL: Pat.

ASSEMBLYMAN HAYTAIAN: It may not make some people happy.

DR. ROSENTHAL: We've got a PAC defendant.

ASSEMBLYMAN HAYTAIAN: It may not make some people happy.

MS. SHEEHAN: Assemblyman, I'd just like to ask a question, I guess. Get rid of the PACs and get rid of the problem, what does that mean?

ASSEMBLYMAN HAYTAIAN: Well, based on what we heard today, I agree with Don. We heard three legislators say that -- at least I interpreted it as -- the problems that we have with campaign financing, and possibly into the ethics problems -- that we think we have, and there is a perception that there is a problem -- is, based on the testimony that we've heard today, attributable to PACs and their influence on legislators. That's what I thought I heard today. Maybe I didn't hear the right thing, from three legislators.

SENATOR DiFRANCESCO: You have to force legislators--

ASSEMBLYMAN MARTIN: I didn't say--

SENATOR DiFRANCESCO: --to go out and raise money from individuals.

ASSEMBLYMAN HAYTAIAN: That's right. That's right.

SENATOR DiFRANCESCO: Don't rely on the PACs because it's easy to put pressure on PACs for more money, because they have the money. They generate the money from their membership.

ASSEMBLYMAN MARTIN: My recommendation is to--

SENATOR DiFRANCESCO: Bob, let me just make one other point with Pat.

ASSEMBLYMAN MARTIN: --put a reasonable limit on the amount PACs can contribute.

SENATOR DiFRANCESCO: PACs also contribute -- and you'll agree with this -- more money to Committee Chairs, particularly where they are active in that Committee, and to the Speaker and the Senate President. You can give a lot of money to a handful of people, and insure that -- if you take Bill Schluter's testimony all the way -- that perhaps your legislation will move quicker than it would, otherwise.

MS. SHEEHAN: I find it hard to believe that PACs single-handedly are causing the problems with the finance and ethics in the New Jersey Legislature or anywhere else. I mean, I think you have to look at the other side as well. I am a participant in a PAC, a corporate PAC--

SENATOR DiFRANCESCO: Right.

MS. SHEEHAN: --and one of the things that I think is of great concern not only to you as legislators but to many of us who are citizens, is that people think the system stinks and that politicians are no longer responsive to the public. And leading the charge in that are many people who work in business. I think all of us have to expend some effort to get these people involved and think that being involved in politics, not necessarily running for office, but at least

being registered to vote and exercising their right to vote, is important, and one of the ways you do that among a group of businesspersons, is to encourage them to participate in a PAC--

SENATOR DiFRANCESCO: There's nothing wrong with that.

MS. SHEEHAN: --because once they've given a dollar a pay, or five bucks a month or something, and if you look at the contributions to the corporate PACs in this State-- In other words, you'll see that the individual level is not, you know, outstanding. But once they have given their buck, or five bucks or whatever the amount is, they've bought into the system and they're going to protect that investment, and they're going to vote.

SENATOR DiFRANCESCO: I understand your point, but let me make this one.

MS. SHEEHAN: And I think that's important.

SENATOR DiFRANCESCO: When we started out, the first person -- I think it was Joe Doria -- said, the obscene amounts of money being spent on campaigns-- Well, that's only because you're able to generate the big money from PACs. And look at the financial reports. Maybe we should look at some, mine included. You'll see that when I was Minority Leader I had a lot more PAC money contributed to my campaign, a lot of it unsolicited, than when I was not Minority Leader.

MS. SHEEHAN: Agreed.

SENATOR DiFRANCESCO: Okay. And I'll show my first report, my second report, my third report, my fourth report, as I continued to run, and the reason why the amounts of monies raised went way up is because of PACs.

MR. COLE: Donny, let me ask you: If you follow through on eliminating PACs, would you then allow contributions by corporations such as insurance companies, utilities -- open that up?

SENATOR DiFRANCESCO: Regulated industries?

MR. COLE: Regulated industries.

SENATOR DiFRANCESCO: As opposed to unregulated, so to speak.

ASSEMBLYMAN DEVERIN: I think the statute--

MS. SHEEHAN: But I'm not talking about corporate funds. We don't participate-- We don't make any corporate funds available.

SENATOR DiFRANCESCO: Then we go back to where we were--

MR. COLE: That's because you have PACs. If you don't have PACs--

SENATOR DiFRANCESCO: I think business always felt they were at a distinct disadvantage in the old days.

DR. ROSENTHAL: Can we move on? I want to thank you Assemblyman Martin.

ASSEMBLYMAN MARTIN: Thank you.

SENATOR DiFRANCESCO: Thank you, Professor.

DR. ROSENTHAL: Senator Contillo.

ASSEMBLYMAN MARTIN: You're wrong. (laughter)

SENATOR DiFRANCESCO: I'm wrong. Well, maybe Contillo will agree with me.

S E N A T O R P A U L C O N T I L L O: I don't envy you your job, gentlemen.

DR. ROSENTHAL: Bill Schluter wants to make an interjection, because he feels he has been misquoted. Can you yield a minute, Senator?

SENATOR CONTILLO: All right. Anytime.

ASSEMBLYMAN SCHLUTER: (away from microphone) I'm not against PACs, and I would really strongly ask you to read the legislation I have suggested and my report, because I think PACs can serve a purpose. You wouldn't correct the problem, you would just create more. You could earmark funds, for example. Like Johnson & Johnson; they allow their employees, through their PAC, to earmark funds. Or that dentist--

SENATOR DiFRANCESCO: I didn't mean that you were against PACs. I said that maybe we should be against PACs--

ASSEMBLYMAN SCHLUTER: Oh, I'm sorry.

SENATOR DiFRANCESCO: --based upon the negative things you said about PACs.

ASSEMBLYMAN SCHLUTER: Well, I think they can-- I don't think you throw the baby out to get rid of the bath water. I think you can live without them.

DR. ROSENTHAL: Thank you. Senator, I'm sorry.

SENATOR CONTILLO: I'm always happy to hear what Bill Schluter has to say, because I found him to be in the front of the fight for stronger ethics and better election law enforcement, and he certainly is very, very sincere; and I might add, the only legislator I have ever met at a COGEL conference. It was a conference on ethical legislation.

Let me first speak about what I didn't come here to speak about. I thought it would just be the ethics, but as long as you open the door and you're still talking about the election law enforcement things, I have two brief thoughts. I'll try not to wander all over the place. I'll be as succinct as I can within my limited abilities.

Let me just talk about this major loophole that we're all aware of with the lobbyists. A lobbyist can take me to China, pay my airfare. As long as he doesn't talk about the bill that he's interested in, he doesn't have to report it. Now that makes us in New Jersey look like fools, or people who have their head in the sand.

A lobbyist should be made to report every penny he spends. You should have an expensive accounting procedure to tell you, or tell Fred Herrmann, all the money he spends, who he spends it on, and how he spends it. It's simple. It should be the number one thing you do, I would suggest to you.

Just an idea of my own: I don't know why we should match PAC money, when we get into the matching funds? It would

seem to me, if you find any evils in the PACs, you are simply enhancing them by matching PAC money.

DR. ROSENTHAL: You mean under public finance.

SENATOR CONTILLO: Right, right. Maybe you should take that money and enhance John Q's contribution two or three or four times if you wish. Let him know that if he gives a dollar, it's worth four, or let the PACs know if they give a dollar, it's still only worth a dollar.

There's no reason in the world for lobbyists to give you anything, not a pen. Why should a lobbyist give a legislator anything? There's no reason for it. And of course, if gifts are given, it's essential that the dollar amounts of those gifts be listed, because I think the public has a right to know whether that gift was a pen or a Mercedes Benz.

Oh, there's one other thing I didn't come to talk about, and that's what do you do with excess funds.

SENATOR DiFRANCESCO: Did you say, you didn't come to talk about?

SENATOR CONTILLO: I did not come to talk about this, but I heard you talking about it, so I just figured I'd talk about it.

I, personally, have been trying for years to help legislators deal with excess campaign funds. And right now it's very, very limited. I'll give you an example of a ridiculous situation we have. If I have excess funds, I cannot have a person in my office send out a newsletter telling specifically about a piece of legislation. But I could have her work next door, as a political aide, and write the most blatantly political letter I wanted to and use the funds for that.

Now, there's something wrong with that system, and I think you should look at it. Senator Perskie had a piece of legislation dealing with it. He couldn't get it passed. I had a piece of legislation dealing with it. I couldn't get it

passed. But I do think that this Commission, your time is now, and I think you probably can do a lot of things that we haven't been able to do, literally for decades.

I have a few clippings here. I guess I can't surprise you because by the color of them you can get a good idea of how old they are. It talks about a Governor asking a commission to deal with the problems of ethical standards for legislators. The governor, by the way, was Governor Hughes. He called for a commission, much the same as this, to deal with the problem. This is from The Bergen Record in 1969.

He also very articulately asked for the Legislature to adopt a code of ethics for local officials. And this will occasion heated defense of home rule and outcries against State power grabs. But the Governor was quite clear on what he wanted then. That was 20 years ago, and I just can't resist. I heard Assemblyman Martin-- Is he still here?

ASSEMBLYMAN MARTIN: Yeah. I'm listening.

SENATOR CONTILLO: I listened to him how -- suggesting to you-- He's getting red in the face because he knows what I'm going to say. Suggesting to you that we need a local ethics bill. Well, you know, I felt that way, sort of, after Governor Hughes, but in the '70s. And Assemblyman Martin had in his Committee last year -- he could have had a baby; it was nine months in his Committee -- and it was finally released the last day of the session. Obviously, it couldn't be acted upon, but fortunately, the same bill that was introduced, is again, reintroduced, and I think we're going to be able to pass a local mandatory ethics bill.

SENATOR DiFRANCESCO: Paul, wait a minute. There are bills, and there are bills. Some of them say different things. You know, a local ethics bill can be one bill here and one bill there. Come on.

SENATOR CONTILLO: It hasn't-- It really hasn't-- No, no--

SENATOR DiFRANCESCO: Don't get partisan here.

SENATOR CONTILLO: No, I want to-- I'm just responding to--

SENATOR DiFRANCESCO: Well, that's what you're doing.

SENATOR CONTILLO: --his comments that--

SENATOR DiFRANCESCO: What comments?

SENATOR CONTILLO: That he thought it was very essential that--

SENATOR DiFRANCESCO: That we have--

SENATOR CONTILLO: That we have--

SENATOR DiFRANCESCO: So do you.

SENATOR CONTILLO: What?

SENATOR DiFRANCESCO: And so do you, right?

SENATOR CONTILLO: Well, okay. Okay.

SENATOR DiFRANCESCO: Come on. Really, wait. Let's not get into--

SENATOR CONTILLO: Well, you think I was being partisan?

SENATOR DiFRANCESCO: --the details of a local ethics bill here.

SENATOR CONTILLO: No, no, I'm not going to get into details--

SENATOR DiFRANCESCO: Well, I thought that's what you were driving at.

SENATOR CONTILLO: --because you know that. They're pretty much the same--

SENATOR DiFRANCESCO: I know what you're driving at.

SENATOR CONTILLO: They're pretty much the same as what we as legislators have been doing for ourselves, which is probably somewhat inadequate. However, within the basis of that local ethics bill, when I had the prerogative to set it the way I did-- And you and I were on the same Committee for many years--

SENATOR DiFRANCESCO: Yeah.

SENATOR CONTILLO: --and I'm going to reiterate to the Commission some of the suggestions that I had years back.

One of them I hope you all have now which is incorporated by the way in the local ethics bill is the composition of an ethics board. This was published by the Council of State Government. I think the Committees have seen it, okay?

SENATOR DiFRANCESCO: I read it. We read it.

SENATOR CONTILLO: And I want to tell you something. It's a difficult position to be a member of the ethics board. I don't have to tell Tom. He's been-- You know, you've been judging your peers for years, and I've seen you agonize over it, all of you.

ASSEMBLYMAN DEVERIN: That's why-- Paul, that's why I have a bill in to add four non legislators.

SENATOR CONTILLO: Okay, because that's my first point; that the ultimate ethics commission, as I've suggested locally, as when I was a-- I set up the one in Bergen County. In fact, the one we did in Bergen County is the County Ethics Board. We finally phased the legislators -- or the freeholders off the board, which they were very happy to get off, ultimately, but in the beginning there was a fear. There's a mistrust. There's a-- I don't know what you call it. In the beginning, legislators don't want to let go.

But I think, ultimately, the ethics commission -- the Joint Committee on Ethical Standards -- for the Legislature should emulate what this Commission is. The legislators--

SENATOR DiFRANCESCO: Wasn't your point of that article that they should all be public members?

SENATOR CONTILLO: I'll leave that to your wisdom.

SENATOR DiFRANCESCO: No, I mean, isn't that what your preference-- I mean, I thought that's what it said.

SENATOR CONTILLO: I would prefer all--

SENATOR DiFRANCESCO: Yeah.

SENATOR CONTILLO: For two reasons, yeah. Number one, I think it takes the burden off our back because it was a difficult-- Right. And because your colleagues see you as an ogre. The public sees you as a whitewasher. I mean, it's a very difficult situation, and I think the public confidence, which is what you're talking about -- the public's confidence in the Legislature will be enhanced by public members.

I'm also an arbitrator for the National Association of Security Dealers, and my position there is that of a public member. When I sit on the panel, I'm the only public member. The rest of the members are securities people. Of course, I was stunned how tough those securities dealers are on those people who are out of line because it gives the industry a bad name.

But I'm on that commission simply to build public confidence, and I think individual members who are not current legislators, you may even-- You can't have a commission comprised of people who have no concept of what goes on in the Legislature -- that's not my suggestion either -- but not to be totally dominated by current elected officials.

The numbers I'll leave to you. I've always recommended, as we have, even numbers, so it's not a one vote; that you have four and four, then you have to have five to do anything. That's always been a suggestion of mine, and I've incorporated it in the local ethics bill, too.

All right, that's point number one. So, once you have the Commission in a better form, you've got to deal with that other provision that doesn't make sense to me. As long as I am a member of a class, I can vote on that bill. Now that's been the source of irritation from day one. That says, if I am a printer -- which I am, in the printing business -- and this bill deals with large additional amounts of cost onto a printer, or a windfall for printers, that I can vote on it.

And if I'm the only printer in the State, or the only lawyer, or the only builder, who benefits by this bill--

ASSEMBLYMAN HAYTAIAN: Wait a minute, wait a minute. When you said builder, you pointed at me. (laughter)

SENATOR CONTILLO: I thought you were in the building business.

ASSEMBLYMAN HAYTAIAN: I'm not. I thought you were pointing at Tommy.

SENATOR CONTILLO: I thought you were in the building business.

ASSEMBLYMAN HAYTAIAN: No, I'm not. No, I'm not.

SENATOR DiFRANCESCO: No, he pointed at you. (laughter)

ASSEMBLYMAN HAYTAIAN: You went like that, I was wondering what you were pointing at.

ASSEMBLYMAN DEVERIN: No, I'm in the senior citizens' business. (laughter)

SENATOR CONTILLO: Or the only senior citizen in the State.

SENATOR DiFRANCESCO: All those are means--

ASSEMBLYMAN HAYTAIAN: I'm a school administrator -- business administrator.

SENATOR CONTILLO: Okay. I don't know why I thought you worked for a builder.

ASSEMBLYMAN HAYTAIAN: No, that's fine. That's all right.

SENATOR CONTILLO: The press must have been inaccurate.

SENATOR DiFRANCESCO: Just making a point.

ASSEMBLYMAN HAYTAIAN: Maybe the press doesn't keep up with the times?

SENATOR CONTILLO: That you can simply say, well, I can vote on this objectively. Go ahead, vote on it. So, slip a paper to the-- And I think that's wrong. I would suggest that you look at that situation and tighten it up, and say, in effect, if you have a substantial gain, you can't vote on it.

ASSEMBLYMAN DEVERIN: Can I ask him a question, because this is something-- If you have a part-time citizens' Legislature--

SENATOR CONTILLO: Yes.

ASSEMBLYMAN DEVERIN: --what do you do with all the teachers and educators, if a bill comes up on education? What do you do with all the--

SENATOR DiFRANCESCO: Labor leaders.

ASSEMBLYMAN DEVERIN: --things dealing with courts if a bill comes up on lawyers? What do you do with the same dealing with--

SENATOR DiFRANCESCO: Labor leaders.

ASSEMBLYMAN DEVERIN: --printers, if there's a lot of printers, not just one printer? What do you do with a thing if something comes up on labor unions if there are a lot of laborers? In a citizens' Legislature--

SENATOR CONTILLO: Well, Tommy, okay--

ASSEMBLYMAN DEVERIN: --how do you control that?

SENATOR CONTILLO: You and I were in the Assembly--

ASSEMBLYMAN DEVERIN: And I'm asking a serious question. How do you control--

SENATOR CONTILLO: You and I were in the Assembly together when I asked Speaker Woodson to prevent the teachers from voting on the income tax, because the entire amount of that money -- the vast amount of money was going to fund education, and it was clearly the handful of teachers at the time-- Jack Fradden (phonetic spelling) never spoke to me after that day.

ASSEMBLYMAN DEVERIN: Well, he left the Legislature after that vote anyway.

SENATOR CONTILLO: My point was that, you know, that he was so upset about it. I feel very strongly, that people who have a vested interest -- that those of us who are going to substantially gain by issues simply should not vote on them.

I don't agree we should have a full-time Legislature, but I do think that we should strengthen the code so those of us who have a business that's entrenched with those who deal with the Legislature, with those who are entrenched with a way of improving their business, don't wish to serve anymore because they must disclose it. They must disclose it.

MR. COLE: Paul, what do you do with--

ASSEMBLYMAN HAYTAIAN: Don't all lawyers have an effect on legislation, and they--

SENATOR CONTILLO: Substantial. I'm sure you--

ASSEMBLYMAN HAYTAIAN: The we shouldn't have any attorneys--

SENATOR CONTILLO: No.

ASSEMBLYMAN HAYTAIAN: --in the Legislature? Because--

SENATOR CONTILLO: You're asking me two questions.

ASSEMBLYMAN DEVERIN: Paul, if you're a homeowner--

ASSEMBLYMAN HAYTAIAN: But that's what happens--

ASSEMBLYMAN DEVERIN: If you're a homeowner, and a bill comes up about property taxes--

ASSEMBLYMAN HAYTAIAN: Well, what do we do?

ASSEMBLYMAN DEVERIN: --you have an interest in that. If you're making money and working in New Jersey--

SENATOR CONTILLO: A substantial--

ASSEMBLYMAN DEVERIN: A bill comes up on the income tax--

ASSEMBLYMAN HAYTAIAN: We're paying income tax.

ASSEMBLYMAN DEVERIN: --that's of an interest to you. See, we're talking--

DR. ROSENTHAL: Mike, go ahead.

MR. COLE: Well, what do you do with your constituency? Suppose a bill was very good for your district--

SENATOR CONTILLO: Yes.

MR. COLE: --but you have an interest? Don't your constituents--

SENATOR CONTILLO: I mean like a-- If you're--

MR. COLE: Don't your constituents have a right to have their will expressed through their representative? How do you reconcile that? You're leaving them without a vote if you say you're disqualified from voting on the subject. Suppose that your teachers--

SENATOR CONTILLO: Well, that's not a personal-- I wouldn't consider-- That's not a personal interest. So, that would be excluded; your constituents.

MR. COLE: But take your example of teachers.

SENATOR CONTILLO: Right.

MR. COLE: You're a member of a teaching group; you said they shouldn't vote on the income tax because the money was to go to fund schools. But suppose your district -- you're now the teacher -- has some of the poorer schools, and that money will be a boom to that district and will help the people who elected you. And you're saying now I can't vote on it. How do you square their rights in that area?

SENATOR CONTILLO: I think that was-- That was a '70s problem. I haven't been able to deal with it. You know, I'm unsure.

MR. COLE: Yeah, I'm sure I could come up with--

SENATOR CONTILLO: What I'm talking about currently is a substantial financial interest. Okay. That's what I'm suggesting we do, because most of the problems that have come to the surface over recent years have dealt with those who would use their business, within the confines of the code, by the way, to enhance their business, and I think that if the code was different-- Because most legislators that I have seen want to know what the law is, and whatever the law is is what they will do. All right? So unless you change the law, a situation that exists today will continue.

MR. COLE: What I'm suggesting is that if you're going to say a legislator can't vote on a particular bill, you better do something to continue--

SENATOR CONTILLO: Put in a device to--

MR. COLE: --the franchise for that constituency, and I don't know what you do.

SENATOR CONTILLO: Well, I'm not--

MR. COLE: Similar things come up with governors. Governors are the only ones that can sign bills. Well, what does a governor do? Walk away from a bill; say I'm not going to sign it because I have a conflict, or I'm not going to veto it because I have a conflict? I mean, it seems to me in those areas, you disclose things and you take your lumps.

SENATOR CONTILLO: That could be your backup position, but it shouldn't be an easy process. It should be a slow process. It should be an extended process, and the process should deal with nonfinancial issues.

ASSEMBLYMAN HAYTAIAN: What happens, Paul-- What happens with a legislator who determines that he or she could have a conflict by voting on a bill? So, he goes to Al Porroni, in our case, and says, "Look, Al, I think I'm going to have a conflict, because this bill has to do with my profession or has to do with the company that I work for." And yet, by abstaining from that vote, he's in essence helping his company rather than hurting himself. Now, how do you determine that? How do you deal with that?

And I believe we probably have some legislators that may be doing that at times; that they decide not to vote because Al will say there is--

SENATOR CONTILLO: When you're opposed to an action.

ASSEMBLYMAN HAYTAIAN: Yeah, that's right.

SENATOR CONTILLO: I mean, you'd be opposed to an action.

ASSEMBLYMAN HAYTAIAN: Of course, their company is opposed to it and maybe they've told him-- I mean there are legislators who have abstained from voting on bills because of possible conflict. Are those positive or negative conflicts to

to their company? Who the hell knows? I'd love to find out. And how do you resolve that problem? Yet, every time we hear about a legislator who abstains from voting--

SENATOR CONTILLO: Chuck, currently--

ASSEMBLYMAN HAYTAIAN: --that's a positive thing.

SENATOR CONTILLO: Currently--

ASSEMBLYMAN HAYTAIAN: It could be a negative thing.

SENATOR CONTILLO: Currently, there's no restriction, really, because you'll say, "It doesn't affect me more than anyone else in the State," and you just merrily go on your way and do it.

ASSEMBLYMAN HAYTAIAN: Except if you own a percentage of the business, I think it's a 5%-- What is it Marci, 10% ownership?

MS. HOCHMAN: Well--

SENATOR CONTILLO: We're trying to get it down to one.

MS. HOCHMAN: With--

ASSEMBLYMAN HAYTAIAN: It is one?

MS. HOCHMAN: That would be the 10% which is being reduced to 1% is when you do business with the State. The personal interest-- The way the law works, they define personal interest as that you would have some monetary gain or loss with regard to a piece of legislation. However, if you would have no monetary gain or loss that would be more or less than any other member of a profession, occupation, or group, then you do not have a personal interest, and you wouldn't have to file anything currently.

ASSEMBLYMAN HAYTAIAN: Suppose, for instance--

SENATOR CONTILLO: Which would exclude the teacher question, as we talked about.

ASSEMBLYMAN HAYTAIAN: As an example, when the corporate tax is reduced, a person working for a corporation, the corporate tax is reduced, more profit; therefore, he or she is going to get a higher income. Isn't that a personal gain?

I mean, how do we-- That's where the problems come in, and I think that's where legislators are truly uneasy, because it's not defined to a point where we know, for instance, although we're always checking -- which I always do -- to make sure that we know where we are before an action is taken.

SENATOR CONTILLO: Well, where we are currently, is nowhere. Where we are currently is anybody can do anything he wants to do, almost without restriction, as long as it deals with you similar to the way it deals with the rest of the people in your class within the State.

ASSEMBLYMAN DEVERIN: Paul, how do we get from--

SENATOR CONTILLO: So, that has to be changed.

ASSEMBLYMAN DEVERIN: --that point to the point that Mike's talking about, where two legislators in the same district, and we have to abstain because we have a personal interest? How do you disenfranchise those 186,000 people?

SENATOR CONTILLO: Currently, financial interest--

ASSEMBLYMAN DEVERIN: How do you put them back in the franchise?

SENATOR CONTILLO: Financial interest means that you, personally, are going to receive a financial gain from voting on it, and I would think, if it's a substantial financial gain--

ASSEMBLYMAN DEVERIN: Well, to what--

SENATOR CONTILLO: --Tom, we shouldn't do it.

ASSEMBLYMAN DEVERIN: If they lower my taxes on my house, I'm going to gain. To what degree are you talking about?

SENATOR CONTILLO: Well, I don't know if that's a substantial or peculiar--

ASSEMBLYMAN DEVERIN: In my neighborhood and my town it's substantial. (laughter)

SENATOR CONTILLO: To all of us it is. To all of us it is, Tom. But I think that we have such artful lawyers sitting at the table, and--

ASSEMBLYMAN DEVERIN: No, I agree with you; a hundred percent I agree with you, Paul. You and I have talked about this for the last ten-- I agree with you 100% that there are some groups that get away with murder. But he makes such a valid point. How do you do that without disenfranchising the people back in the district?

SENATOR CONTILLO: By dealing with dollars and cents only; okay, not the person who has a problem as a renter and not the teacher who, you know-- That's a different problem, it seems to me. We're talking about how it deals with you, personally, and if you, personally, are going to get a substantial financial gain, or whatever the lawyers can work out--

ASSEMBLYMAN DEVERIN: Well, that's the law now.

SENATOR CONTILLO: No, no.

ASSEMBLYMAN DEVERIN: If you're going to gain financially by it, you can't vote on it.

SENATOR CONTILLO: Well, you can vote on it. You just say I can vote objectively.

MS. HOCHMAN: The way it is now, the law and the code define personal interest as a direct financial gain or loss. Then they say in a proviso, however, if you have a financial gain or loss which is the same as any other occupation, profession, or group, then that is not a personal interest, and you would not even have to file that. Notwithstanding that you have a personal interest, you can cast a fair and objective vote because you would not have a personal interest at all.

SENATOR CONTILLO: One of the problems is how to exactly refine it? But I think what I am here to do is suggest that you agree it should be done, and find a way of doing it as opposed to, you know, going back and forth on--

SENATOR DiFRANCESCO: The present system.

SENATOR CONTILLO: --the specifics of it. I can't answer that currently. We've worked on it a lot. We've dealt

with it differently. You know, I've set different standards for local officials. In some sense we have been more stringent on local officials.

Let me get onto some of the other things I think of. We have a financial disclosure form. Okay? Again, I am going to repeat what I have said to you guys for the last few years. I don't see why I -- any legislator or any public official -- is supposed to list his publicly traded stocks? By publicly traded stock-- Again, if you own less than of 1% of a publicly traded stock -- if you own more than 1% of IBM -- I don't think you can be serving here to begin with. I don't see why you should report any publicly traded stock. I don't care what you own, really, myself. I don't know why we are required to do that? If you own a mutual fund, I mean, who cares?

ASSEMBLYMAN DEVERIN: You are asking us to remove that from the financial disclosure form?

SENATOR CONTILLO: Yeah, I have always felt like that.

SENATOR DiFRANCESCO: Suppose I have 5000 shares of Johnson & Johnson stock--

SENATOR CONTILLO: Yes.

ASSEMBLYMAN DiFRANCESCO: --or of MidLantic Bank, and I am on the Banking Committee?

SENATOR CONTILLO: Well, okay. Well, I don't know, is that a publicly traded stock?

SENATOR DEVERIN: Sure.

SENATOR DiFRANCESCO: Yeah. And the foreign bank bill comes up. You know, I'm just throwing that out. Maybe I should say 10,000 shares.

SENATOR CONTILLO: Do you think-- I was going to say--

SENATOR DiFRANCESCO: I don't know, because I don't, obviously--

SENATOR CONTILLO: I think it is a way of determining a legislator's net worth, because if he reports a series of ownership, you know he is generating more than \$1000 apiece

from each one of those products. To solve it by saying \$2000 really doesn't help either, because then it even becomes clearer. You can almost calculate how much-- If someone wanted to waste their time doing it, you could calculate some degree of a person's net worth by examining his public disclosure form--

ASSEMBLYMAN HAYTAIAN: But Paul, I'm not opposed to--

SENATOR CONTILLO: --so I would recommend you eliminate that.

ASSEMBLYMAN HAYTAIAN: I'm not opposed to my tax form being disclosed. I don't have any problem with that. Why should anybody?

SENATOR CONTILLO: Then you have the right to disclose it.

ASSEMBLYMAN HAYTAIAN: Well, then why don't we make it for all legislators? I don't have a problem. The way you are talking, you are saying don't disclose security--

SENATOR CONTILLO: Right.

ASSEMBLYMAN HAYTAIAN: --because you are in the security business, I guess. I thought--

SENATOR CONTILLO: No, you are incorrect.

ASSEMBLYMAN HAYTAIAN: Well, I'm sorry.

SENATOR CONTILLO: Listen, you're incorrect, and I was incorrect.

ASSEMBLYMAN HAYTAIAN: So now we're even. (laughter)

SENATOR CONTILLO: Do you want to leave it at that? You have to tell me what you do, and I will tell you what I do. (laughter)

ASSEMBLYMAN HAYTAIAN: I just told you what I do.

SENATOR CONTILLO: What do you do, sir?

ASSEMBLYMAN HAYTAIAN: I'm a business administrator for a private school.

SENATOR DiFRANCESCO: He's a full-time legislator.

SENATOR CONTILLO: For a private school, that's good.

ASSEMBLYMAN HAYTAIAN: That's pretty tough to match, isn't it?

SENATOR CONTILLO: No. I'm like Ben Franklin and Peter Stuyvesant. I'm an honest, hard working printer.

ASSEMBLYMAN HAYTAIAN: No, I just thought I heard that you were an arbitrator. (laughter)

SENATOR CONTILLO: "Paulie the Printer." (laughter)

ASSEMBLYMAN HAYTAIAN: On the securities committee.

SENATOR CONTILLO: Okay. Let me get back into what I'm talking about. That's a suggestion. Reject it if you please.

But what I think ought to be listed, is not listed. Now I could be a printer doing work for people who have a very strong interest in legislation. I don't have to list that. You can be a lawyer and you can be a former builder who has an interest in legislation. You don't have to list that. That is what should be listed. The disclosure form is deficient. It's asking you for things that don't matter. In some cases you may have a person with a lot of assets who doesn't want to serve because he doesn't want to list them. You know, so I am suggesting that-- Everything that I suggest is not necessarily to be more stringent. In that one area, I have always felt that we ask for more than we want. You could probably define it to say, with the exception of stocks-- I mean, you know, you could actually draw it, I'm sure, Donny.

SENATOR DiFRANCESCO: Regulating companies.

SENATOR CONTILLO: Whatever. Well, that's what I am going to get into now. What should you list? What should we list on that disclosure form? I brought it up before. If any of either you, or any your clients or customers-- I have customers. You have clients, I guess.

SENATOR DiFRANCESCO: Very few.

SENATOR CONTILLO: Well, three days this week, and I may not have any left. (laughter) So I can understand what

you are saying. I guess some of the legislators feel that, "My God, I give so much to the State of New Jersey, what's wrong if I get a little bit back." (laughter)

What should you list? I think you ought to list anyone-- I never heard this before. I probably did it while I was shaving, like Bill Schluter did.

SENATOR DiFRANCESCO: Cut yourself. (laughter)

SENATOR CONTILLO: Any one of your clients who hires a lobbyist-- If you have a client who also hires a lobbyist, you ought to list that client.

SENATOR DiFRANCESCO: If you know.

ASSEMBLYMAN HAYTAIAN: If you know.

SENATOR CONTILLO: Correct. And you know, because that's usually why he comes to you.

SENATOR HAYTAIAN: I have to defer to somebody that is practicing law.

MR. COLE: He may come for a contract on an unrelated business transaction--

SENATOR CONTILLO: Uh huh, he might.

MR. COLE: --also have another law firm and lobbyist in Trenton.

SENATOR CONTILLO: Right. But you also might know why he comes to you. He's not going to come to you to cut his lawn, not with your history.

MR. COLE: That doesn't mean I don't cut lawns.

SENATOR CONTILLO: Didn't I see you walk around with a bandage from cutting your lawn one time?

MR. COLE: No.

SENATOR CONTILLO: No? Okay.

MR. COLE: It was from a table saw, Paul.

SENATOR CONTILLO: Or someone who has a State license or needs a State certificate to do business. Again, I haven't artfully drawn it. It was not my intention to get down to the nitty-gritty. I think it is up to your staff.

SENATOR DiFRANCESCO: See, I thought your point was going to be different. Isn't it your point that if you have -- I am going to say major -- your major clients, substantial clients or customers, should be in some way disclosed?

SENATOR CONTILLO: Disclosed. Right.

SENATOR DiFRANCESCO: Because what you are talking about now would require us to formulate a form for every client to fill out. Right?

SENATOR CONTILLO: No, not your major clients. Your major clients who might be this or thus; not all of your clients.

SENATOR DiFRANCESCO: It would be easier to say major clients than that.

ASSEMBLYMAN DEVERIN: What does "this or thus" mean? I'm not sure of that.

SENATOR CONTILLO: All right. That would be someone who has, to your knowledge, also hired a lobbyist.

SENATOR DiFRANCESCO: A developer. Just a developer. You want the public to know that you represent a--

SENATOR CONTILLO: New York State might have some clues here as to how they do it, I think, where they deal with you if you have customers in categories. That's what you are saying, which I would agree with. If you list people who are developers, people who are banks, loan companies--

SENATOR DiFRANCESCO: That's a lot easier than knowing what they are actually doing.

SENATOR CONTILLO: I'm not suggesting specifics.

SENATOR DiFRANCESCO: But I thought that's what your point has been.

SENATOR CONTILLO: No, that's not my purpose.

SENATOR DiFRANCESCO: Something about disclosure of business activities, right?

SENATOR CONTILLO: Right.

ASSEMBLYMAN DEVERIN: You are talking about lawyers, right?

SENATOR CONTILLO: No, Tom. I'm talking about printers.

SENATOR DiFRANCESCO: No, you can't say that.

ASSEMBLYMAN DEVERIN: What is a doctor or a dentist?

SENATOR CONTILLO: I don't think you want to know from a doctor his individual clients. No. On the other hand--

ASSEMBLYMAN DEVERIN: Suppose he is treating somebody for high blood pressure and he has to see him every month, and the guy has a PAC representing his business. The bill is being paid by the corporation as part of his perk. He would go into doctor so and so and say, "I'm from such and such company. Send the bill to my secretary."

SENATOR CONTILLO: We do have a doctor in the Legislature.

ASSEMBLYMAN DEVERIN: We're up to our knees in doctors and dentists.

SENATOR CONTILLO: Yeah.

ASSEMBLYMAN DEVERIN: I don't mean any one particular doctor.

SENATOR CONTILLO: Okay. I really didn't care much about his clients.

ASSEMBLYMAN DEVERIN: I am wondering how you would design a form like that?

SENATOR DiFRANCESCO: I think he is talking about the doctor that works for a corporate client that has a corporate thing where they send all of their-- That's what you would want to know.

ASSEMBLYMAN DEVERIN: Yeah. How would you design a form for something like that?

SENATOR DiFRANCESCO: As opposed to individuals?

ASSEMBLYMAN DEVERIN: Yeah.

SENATOR CONTILLO: Yeah. You certainly don't want to know individuals.

ASSEMBLYMAN DEVERIN: No, I know I don't.

SENATOR CONTILLO: Right. Because we do have a single medical doctor, and we have a couple of dentists. No one really wants--

SENATOR DiFRANCESCO: It's all rich, yeah. All of the rich people (inaudible) --dentists.

SENATOR CONTILLO: Well, I had some conflicts with a doctor on specific legislation that dealt with, you know, medical insurance. He took the doctors' position. Under our current ethics code he had that right.

So I'm giving you both sides of our form. If you want to take some of the things off of it-- I think it is essential that people have to disclose. We must know the business of legislators if it deal with legislation. It's essential. Otherwise, what we do matters little.

I think that's about it. I've given you the thing on peer review. I talked about what I intended to talk about. That's it. I will answer your questions, although I think they have been answered already.

DR. ROSENTHAL: Any questions? (no response) If not, we will thank you very much, Senator. We will invite Assemblyman Russo, who has waited patiently.

SENATOR CONTILLO: Just don't-- I would prefer to leave you with the concepts I've left you, than the nit-picking of how do you this exactly, and how do you do that. That's why you have Marci. (laughter)

DR. ROSENTHAL: That's right. (laughter) She'll figure it all out. She'll make it work, and we will just think it brought common sense.

SENATOR CONTILLO: I would hope you feel that conceptually you agree that this should be done and that should

be done, then you could work on how you would do it. Don't break down on how you do it before you decide what it is you want to do.

DR. ROSENTHAL: Thank you.

SENATOR DiFRANCESCO: Thanks, Paul.

A S S E M B L Y M A N D A V I D C. R U S S O: Thank you.

DR. ROSENTHAL: You're welcome. I realize it is lunchtime, and I will try to be very, very brief. Okay? I wanted to thank Mr. Parisi, and also the Committee for inviting me today.

SENATOR DiFRANCESCO: Are you another relative of Senator Russo's?

ASSEMBLYMAN RUSSO: No, I'm not. (laughter) You would be surprised at the letters and calls I get on various assault weapon bills and things like that. You would be surprised.

ASSEMBLYMAN HAYTAIAN: How come you're here working for us?

ASSEMBLYMAN RUSSO: You would be very surprised. I wanted to thank you for the transcript. I read it. I read all 189 pages. It was a very interesting.

I'm not going to touch on a lot of issues that you heard last time and this time. I think it would be counterproductive. Obviously, we're concerned if we are here. Where I am coming from, briefly-- Bill Schluter has a series of bills. I think those are the best bills on this issue at this point, at least that package. I know Bob Martin has some which I haven't been involved in and which may also be very good from what I am hearing, but I'm in favor of those bills. It's not the be-all, end-all.

This past weekend I was in Columbus, Ohio for my goddaughter's christening. After the service, I read The Columbus Dispatch as much as I could. Ironically -- I'm going to pass this around -- on the front page the headline read

"Political Foes Agree on Need for Reform -- Gubernatorial Race Out There." The last paragraph reads -- and it could have been right from here -- "'Both parties have to do something about the amount of money being spent on campaigns,' said Ohio Democratic Chairman James M. Ruvollo (phonetic spelling), 'The public is turned off by the amount of money we spend, and it's hurting our ability to recruit candidates.'" It is 100% right. The picture here says it all -- a flyswatter catching money. I mean, that's the public perception. That's what we are dealing with: full page. The content goes on and on.

We know money is important in politics. It's the gas in the tank. Each of these fellows that are running for governor are saying this. Again, they don't even have the restrictions that we have, at the gubernatorial level, but the perception is not good. I would also say this as a first time legislator. Maybe I'm naive in some ways. But, you know, I've read, for example, Harvey Fisher, who works now for Governor Florio, for years in The Record -- The Bergen Record. I think he has been on the mark. It's a scandal-- And this is bipartisan. It's a scandal waiting to happen. We had reform, and we had Watergate. Unfortunately, I hope we don't have to wait for another one. It doesn't matter what party is involved.

What bothers me, also, is that you look at the percentage of people voting. It's not just this issue, but this is a lot of it. Ms. Sheehan, I think, hit on this very well. You know, we can waive the wand and say, oh, you know, I won the election or reelection -- from whatever party you are from -- with 64%, 62%, 51%, or whatever percent of the vote. The question really comes up sometimes, who is voting? These people, I don't think, are apathetic. I think they care a great deal. I think they are totally turned off. They are totally turned off by the money, the redistricting, and at Congress especially. Let me get to that right away.

Let's look at ethics and campaign finance. I just made some notes. Okay? I know these overlap and they mingle. I saw that in the testimony last time. You are right.

A full-time Legislature would solve a lot of ethical problems. I am not in favor of it. I did a lot of research on this during my Assembly race because one of the people running against us wanted to be a full-time legislator. He wasn't working at the time either. He didn't have children, etc. But that's not the point. It's true. But I looked into it. New Jersey is considered a full-time State because of the complexity of issues, the time we put in, etc. It is considered that.

Secondly, my point is this: Going to a full-time Legislature will get rid of some of your conflicts. You will always have certain conflicts. We breathe. There's is a clean air bill, for example. You're going to have that, but the question is really, look at Congress. You have got a full-time Legislature there. You have got a Federal deficit that's out-of-hand. You see people indicted and convicted. I mean those are the only people who lose office unless they die usually, or are indicted; one or the other. Now, that's full-time. Do you think we could have run that deficit up part-time?

It's like the old story, you know, with the baseball team. The guy comes in for the race, and he says that we could finish last with you or without you. You have to wonder. But I just give you that example.

Now, on particular points, these are things that bothered me. If I'm wrong, cut me off. Okay? One is financial disclosure. I'm an attorney. I brought my disclosure form just for the form. Now, I'm in a law firm with my father -- it's dad and me. Okay? But you know, there are many people who are in "L.A. Law" where it's a big Mackenzie-Brackman. That's fine. They make a lot of money, we

hope. Fine. I don't think lawyers should be banned from being legislators. I think just the opposite. Lawyers and laws; it makes sense. You are going to have a number of people in the Legislature who are lawyers. It makes sense.

SENATOR DiFRANCESCO: It makes sense to whom?

ASSEMBLYMAN RUSSO: I think it's a-- Senator Contillo--

SENATOR CONTILLO: I have a young son who is a lawyer.

ASSEMBLYMAN RUSSO: Except for your son who I went to high school with -- except for Bob Contillo. (laughter)

What I think has to be done with regard to that particular issue-- I stress this with lawyers. I think, if you work for a firm, for example, the form should probably say where the firm is getting the money from. I know there are privacy issues, but here's my point. Bob Martin brought this up. If you are going to serve in the Legislature, you might have to forgo some privacy. Now I will give you an example. Maybe a \$10,000 limit: Not if I make a will for Mr. Cole, for example, for \$100, or for a senior citizen, I'm talking about if I have a client that pays, I don't know, let's say, \$10,000 in a calendar year. That should be disclosed. Now, I think in other states -- if they do that, and I've read this someplace -- where you could have two lists, meaning you might want to have that client list only go to ELEC and not be publicly disseminated, but at least it would be disclosed. That's a possibility, if that were a constitutional problem. But again, I don't really have a problem with that. I don't even think it should be that restricted. I would think if you have a client over a certain threshold -- a large amount -- I think it should be disclosed.

SENATOR DiFRANCESCO: How about if you do personal injury work? Can you have 10 cases in one year and you make \$20,000 or \$30,000--

ASSEMBLYMAN RUSSO: For example, representing an insurance company?

SENATOR DiFRANCESCO: No, representing individuals.

ASSEMBLYMAN RUSSO: Okay.

SENATOR DiFRANCESCO: Ten cases and you make \$20,000 or \$30,000 on those cases.

ASSEMBLYMAN RUSSO: Sure.

SENATOR DiFRANCESCO: Should you disclose the fact that if you have a personal injury practice, that you made "X" number of dollars from that practice?

ASSEMBLYMAN RUSSO: I really don't see any problem with that.

SENATOR DiFRANCESCO: Okay. I'm just trying to clarify what you are saying, in my mind.

ASSEMBLYMAN RUSSO: I don't. That could be an issue. To an extent, I think, the bigger problem is where you are representing corporate interests or an insurance company doing defense work. As some other people brought up, you might be on the Insurance Committee. I think that's a real conflict. I think that is what Senator Contillo is bringing out. Although the way he said it, I don't know if it's possible to frame it that way, although in a perfect world, you would be able to. I'm not picking on lawyers, because I am one, but I could see this is a practical problem.

I also think, on these forms, we should show our debts. As an attorney, the assets are one thing, but you know, the client -- the debts -- are always what moves the motor. You always see the debts. Where are the problems? I don't think there is anything wrong with showing the mortgages, the liens, etc., whatever you have on your-- I don't see anything wrong with that.

ASSEMBLYMAN DEVERIN: Credit cards too?

ASSEMBLYMAN RUSSO: I think again, you might have to go threshold. If it's going to be the Bloomingdale's card for

a \$300 balance, I mean, there is a point to being counterproductive here. Maybe mortgage debt; that would be a big one.

SENATOR DiFRANCESCO: What is the purpose gained on this?

ASSEMBLYMAN RUSSO: If you are in debt-- I think if a Legislator is indebted to any great extent, and you are possibly voting on legislation or you are sitting on a Committee where you might be indebted to a particular group, I think that could have an effect, I think it should be disclosed. I don't think it should be barred; it should be disclosed, and it's not now, from my reading.

ASSEMBLYMAN DEVERIN: You mean if you owed \$1000 to Bambergers--

ASSEMBLYMAN RUSSO: That wouldn't be the example I am going for; maybe a secured debt. It could also be maybe an unsecured debt, as another example. But I'm talking really larger debts than that. It's just an idea.

Something that also bothered me: When you file ELEC forms-- If I'm wrong, stop me. I know you have to file in Trenton. During the campaign, my understanding-- I used to do this, and I will continue to do this voluntarily unless it changes. I used to file with my county clerk. My understanding was that was not a requirement.

ASSEMBLYMAN HAYTAIAN: Yes, it is. It is now.

ASSEMBLYMAN RUSSO: Is it now?

ASSEMBLYMAN HAYTAIAN: Yes.

ASSEMBLYMAN RUSSO: Because I was told it wasn't by many people.

ASSEMBLYMAN HAYTAIAN: For the campaign. Not the quarterly reports, but during a campaign your reports are to be filed with the county clerk.

ASSEMBLYMAN RUSSO: Okay. You may be right.

ASSEMBLYMAN HAYTAIAN: I don't know if that is a requirement, but I know--

ASSEMBLYMAN RUSSO: I was told it wasn't.

SENATOR DiFRANCESCO: Let me put it this way--

ASSEMBLYMAN DEVERIN: It's only a convenience--

SENATOR DiFRANCESCO: I don't think it's a requirement, I think you can do it.

ASSEMBLYMAN RUSSO: I think you are correct, Senator.

SENATOR DiFRANCESCO: I think if you can do it, they will accept it as being accessible.

ASSEMBLYMAN HAYTAIAN: --except that in a recent incident up in Sussex County where two people were running for freeholder, one brought down his forms to ELEC, did not file with the county clerk. It hit the newspapers that he didn't file with the county clerk.

SENATOR DiFRANCESCO: He was--

ASSEMBLYMAN HAYTAIAN: Yeah. It didn't matter. Legislators are the same way. We get it. That's why we--

SENATOR DiFRANCESCO: I think legislators can file directly with the State, or they can file with the county.

ASSEMBLYMAN HAYTAIAN: It's in your ELEC form.

ASSEMBLYMAN RUSSO: Well, I think it's permissive. I could be wrong. The reason I state this is not so much for myself or yourself, but the point is if reporters, for example -- We're talking access here for the public. It makes it that much harder for them. Why should they have to trek down-- It slows the process up.

And I mention another thing. My understanding also, is when you have a primary -- and Mr. Haytaian has brought this up -- especially if it is contested, the primary is over. One of the things you supposedly can do, and if you are sophisticated, you will supposedly close -- I've learned -- your primary account. Then go through the summer. You may at some point open up a new account, but by opening up the new

campaign account, your next reporting period is either late August or October 10. You know, from a public standpoint, you can delay contributions or-- What I have seen happen, especially in my own race was you didn't have the forms filed in a timely fashion. By the time the forms are filed, you could be taking -- from either party -- contributions from "X," "Y," and "Z" polluter.

ASSEMBLYMAN DEVERIN: No, you can't.

ASSEMBLYMAN RUSSO: Well--

ASSEMBLYMAN DEVERIN: You aren't supposed to take any money.

ASSEMBLYMAN RUSSO: No, no, no. I'm just saying it wouldn't show up. It wouldn't show up until October.

ASSEMBLYMAN DEVERIN: But you have to make a deposit of a check--

ASSEMBLYMAN RUSSO: Yeah.

ASSEMBLYMAN DEVERIN: --within 10 days for a check, or else you violate the rule.

ASSEMBLYMAN HAYTAIAN: Right. Absolutely. Not only that, David. Let me explain something about this. I've been filling these forms out since my freeholder days, which is now 15 years.

ASSEMBLYMAN RUSSO: Yeah.

ASSEMBLYMAN HAYTAIAN: If you are in a primary, and you then have excess funds going into the general campaign, you are told to close the primary campaign and open with A-1 Form -- I guess it's A-1 Form, I'm not sure what it is -- to open up your general campaign. Then 29 days before, you have to indicate the transfer of funds from your primary to your general and then list all of those campaign funds that you received and all expenditures up to the 29th day. Then from that point, it's the 11th day, then it's whatever it is -- 20 days after.

ASSEMBLYMAN RUSSO: Chuck, what we had happen is a practical problem. I just talk about this as a good government aspect. From the end of June until October 10-- That's really too late. Okay? We were not able, from ELEC, to see what money was being raised and from where. Until that time, you are talking about one-and-a-half weeks before the election. If reporters want to deal with it, that's difficult. That's difficult to deal with.

ASSEMBLYMAN HAYTAIAN: That's 29 days--

SENATOR DiFRANCESCO: Well, ELEC hasn't raised that as a problem.

ASSEMBLYMAN RUSSO: No, but I just mentioned it, because I saw it firsthand.

ASSEMBLYMAN DEVERIN: They have, to a degree. They have talked about quarterly reporting rather than--

ASSEMBLYMAN RUSSO: Okay. Now, two other things. This is the last thing, then I will leave you, okay? In reading the transcript, I agree with many of the issues brought up. Mr. Haytaian mentioned the costs of actually conducting campaigns with radio and TV, and he's right. You know, you can't see these things in a vacuum. As somebody who has been there for a long time, you could probably see your bills from 10 years ago, and see what they are now. It's pure inflation.

ASSEMBLYMAN HAYTAIAN: They are 10 times higher--

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYMAN HAYTAIAN: --from the first campaign.

ASSEMBLYMAN RUSSO: I don't know if it can be done. But such contributions are a serious matter. Those are a serious matter where, you know, if they are for you or against you, that's not money, but workers are money. They send whatever group it is, good, bad, indifferent -- an army of people out there. You know, they are crying poor; that the forms don't show anything. This is a practical problem that Mr. Haytaian brought up.

Contributors' occupations should be shown, no question about it in my view. Two last things here: This has to do with really both issues. I think instead of having a full-time Legislature, my view would be to keep a citizen Legislature. I think we should seriously look into -- which I mentioned -- lengthening the terms of the General Assembly, maybe to four years. I mentioned the point that freeholders and council people get three years, usually. But if you are going to lengthen it, only lengthen the terms with one proviso: that you are going to put a, let's say, 10-year restriction -- that you can serve 10 years. I saw Chuck Haytaian in the transcript say, most people. There aren't that many--

ASSEMBLYMAN DEVERIN: There are.

ASSEMBLYMAN RUSSO: --that last 12 and--

ASSEMBLYMAN DEVERIN: There are.

ASSEMBLYMAN RUSSO: Excuse me, Mr. Assemblyman, but there aren't that many people that last that many years. I don't think it would be that-- Maybe I am wrong. But if we had a 10-year limit-- For example, as with the New Jersey Senate -- 4-4-2. So what if we all ran each year? You know, if you did a 10-year limit, with a 4-4-2, you will take a lot of the problems out of the system. Let me tell you why, real quick. If you say 10-year limit with five terms, you are out there raising money just like Congress, every other year. This way you are only doing it the maximum of three times. You've got it down from five to three. You get a rotation. If you sit out a term or whatever, you could still come back.

One other thing that bothers me: I don't know if this was brought up. If it was, fine. Not so much redistricting, but the basic setup of the Senate and Assembly-- I have a radio program that I go on weekly in Passaic County. I mention this because people constantly-- I know the Senator mentioned this. Especially with a name like Russo, I get mail misdirected constantly. I got Senator Russo's phone bill one month. (laughter)

SENATOR DiFRANCESCO: You got his what?

ASSEMBLYMAN RUSSO: I got his office phone bill one month.

SENATOR DiFRANCESCO: I hope your financial disclosure statement reflects that. (laughter)

ASSEMBLYMAN RUSSO: I didn't say I paid it. (laughter) But the problem that I see is--

ASSEMBLYMAN HAYTAIAN: I'm going to come see you for a donation. (laughter)

ASSEMBLYMAN RUSSO: The problem that I see is that people get confused with the titles of Assemblyman, Senator, Congressman, and U.S. Senator. They have trouble understanding at what level? We compound that to an extent in the system, by having what? In my area, I am the 40th District in Bergen and Passaic Counties. We have three Congresspeople in that district, Marge S. Roukema in District 5 -- Federal; Bob A. Roe in District 8, I believe; and Bob G. Torricelli in District 9. Okay? Why do I say this? We have 14 towns by population. I don't know if this has been discussed. Maybe there is a possibility where the State Senator -- like the U.S. Senator -- Bill Bradley represents the entire State. Maybe your State Senator -- in our case, Hank McNamara -- would represent our 14 towns whereas maybe you can take your 14 towns, and instead of having two Assemblypeople representing all 14 towns -- seven for myself, in my case, as a Republican-- And we can't all be Republicans there, but seven for Mr. Felice, Assistant Majority Leader, Nick Felice. The constituent work would be a heck of a lot better. There's no doubt, because you would only be dealing with seven towns. Your fund-raising would be restricted to seven towns. It would be like a grandiose council race in essence, over seven towns. You would be cutting back--

Now again, it's just an idea. I don't know if it has been considered.

ASSEMBLYMAN DEVERIN: I only have four towns. Would there be two for me and two for Hudak?

ASSEMBLYMAN RUSSO: Okay. Again, it may not work everyplace with redistricting. I just mentioned that, because I've seen that in a lot of districts where they have 20 towns -- in Sussex County for example.

ASSEMBLYMAN HAYTAIAN: I've got 42. (laughter)

ASSEMBLYMAN RUSSO: You have two Assemblypeople for the same amount of towns. I just bring that up. I don't know--

ASSEMBLYMAN DEVERIN: I think you would violate the one man, one rule, if you tried it like that.

ASSEMBLYMAN RUSSO: I don't know. I appreciate the time you gave me. Those are the only points I really wanted to bring up. I thank you very much. If you have any questions?

DR. ROSENTHAL: Are there any questions? (no response) I think the Commission is exhausted. (laughter) Any other issues to bring up? (no response) If not, the Commission is adjourned until its next meeting.

(HEARING CONCLUDED AT 12:45 p.m.)

APPENDIX

FINAL COPY

May 16, 1990

Testimony presented to:

Ad Hoc Commission on Legislative Ethics
and Campaign Finance
Room 334, State House Annex
Trenton, New Jersey 08625

By: Assemblyman Bill Schluter - 23rd District
2 North Main Street
Flemington, New Jersey 08822

OUTLINE

- I. Money Buys Influence
- II. Arms Race In Campaign Financing
- III. Reform Has To Be Comprehensive
- IV. A Legislative Program
- V. The Role Of The Political Parties
- VI. Ethics Reform

I have been quoted as saying that New Jersey will not achieve meaningful reform over the abuses of money in politics unless we have a major scandal or we have a governor who has "fire in his belly" on this subject. Fortunately, the State does not have a major scandal, and, for better or worse, the Governor has other issues of monumental proportions that are occupying his attention.

To the credit of Senate President Lynch and Speaker Doria, your Commission has been formed to address a smoldering problem before it erupts. To say that this problem is only smoldering is an understatement. The political "Arms Race" for legislative seats has increased dramatically over the last decade. Indeed, expenditures for county and local offices have also risen sharply.

Charges of a political "shakedown" of legislative lobbyists, although subsequently declared to be unsupported (non-actionable) by prosecuting authorities, have focused considerable public attention on money in politics. Finally, a recent series by the Bergen RECORD entitled "The Politics of Greed" has cast legislative ethics in a most unfavorable light.

Major problems caused by the abuses of political money do exist in New Jersey, and I am sure that members of this

Commission recognize these problems. You, the nine members of the Commission, have an excellent opportunity to reform these abuses, to strike a blow for good government, and to restore public confidence in our governmental institutions.

The importance of your work cannot be overstated. Your recommendations will be closely scrutinized by an anxious and perhaps disillusioned New Jersey citizenry. The situation cries out for decisive and meaningful action - - - not half-baked palliatives or politically expedient compromises.

I. Money Buys Influence

The first and most important point that I wish to make is that political money does buy influence in governmental decisions. Jesse Unruh, former Speaker of the California Assembly, made the classic comment about Legislators and lobbyists when he said: "If you (Legislators) can't eat their (lobbyists) food, drink their booze, screw their women and then vote against them, you have no business being up here (in the Legislature)." Although Legislators in New Jersey are more likely to be offered tickets to sporting events, campaign contributions, and trips to conventions than the fare provided by California lobbyists, their ability to resist the influences that these emoluments are intended to convey falls short of Mr.

Unruh's standard. Even the most cynical of the status quo advocates will admit that campaign contributions buy access to lawmakers. Extending this premise, money buys goodwill. And, as on a corporate balance sheet, goodwill has value.

A special interest which has purchased access and goodwill through campaign contributions has an opportunity to gain or switch a Legislator's vote. This same opportunity is not available to John Q. Citizen or to a civic cause which lacks a treasury.

Another way to analyze this issue is to ask the question: "Would special interests continue to spend political money if they did not get results?" Of course not. One Trenton interest group made contributions of \$800 and over to 119 campaigns in the 1987 legislative election. With 120 seats at stake, were these contributions made for the purpose of electing the more qualified candidates? (Five of the candidates were unopposed.) Or was this the purchase of access, goodwill - - - or even tribute?

In the same election, another interest group proclaimed that it spent an average of \$1600 backing 102 legislative candidates, 93 of whom were winners. In explaining the success

of this endeavor, it was stated that they "only wanted the ears of the Legislators".

A STAR LEDGER story of 1987 on lobbying produced this admission from the Executive Director of a prominent State association:

"In the past 15 years, I have not seen Legislators who could be bought, but I met a lot who could be rented, who can be influenced by the need to finance their campaigns."

The Philadelphia INQUIRER quoted a former Speaker who stated:

"You've got to bring something to the table if you want to influence the legislative process. You either bring some votes because you're a labor union, or you bring the ability to get media. You can bring volunteers for campaigns that will multiply into votes, like Right-to-Life, or you bring money. And money is sometimes the easiest thing to bring."

Political money, in my opinion, does not generally affect a lawmaker's position on core issues such as abortion, major taxes, district infrastructure, education and many environmental concerns. But the access that money provides can sway the balance on less visible issues including laws on

public utilities, banking, insurance, land development, and regulated professions. Indeed, the impact of these less visible areas on the lives of New Jerseyans is very profound.

II. Arms Race In Campaign Financing

The second point of this presentation concerns the magnitude of campaign spending and political money that has entered the process. At the legislative level, this trend can best be described as an "Arms Race".

An example of the dramatic increase of political money involved in legislative campaigns was contained in WHITE PAPER NO. 2 of the Election Law Enforcement Commission. The average contribution to a legislative race in 1983 was \$595. This figure increased by 57% to \$936 in 1987. The median contribution of 1987 was \$250. Even though these figures do not reflect the unreported contributions of \$100 and less, they are stark testimony to the increased levels of contributions in current campaigns. It does not take a genius to understand that it is much more efficient and productive to collect a \$2500 contribution than a \$500 contribution. Contributions from the "little guy" of \$25 and \$50 have become virtually meaningless.

It is interesting to note that charges of excesses and abuses have not been leveled at the gubernatorial contests.

This is because an enlightened initiative for partial public financing of gubernatorial races, sponsored by then Assemblyman Albert Burstein, was enacted into law in 1974. New Jersey's model statute, after correcting the loophole wherein primaries were not covered and after adjustments in 1989 to reflect current campaign conditions, has worked. In fact, it has worked so well that the "smart" political money in Trenton has gravitated to other more fertile fields, such as legislative races. The point is that campaign finance reform can work because it has worked for governors.

In 1972, I had the temerity as a freshman Senator to introduce campaign finance reform legislation. This legislation embodied the recommendations of the Election Law Revision Commission, and proposed to establish standards where no realistic standards had previously existed. After 16 months and a dozen re-drafts, the legislation was signed into law as the New Jersey Campaign Contributions and Expenditures Reporting Act (Ch. 83, P.L. 1973).

This law was based on the principle of disclosure - - - and it has worked well in producing that result. But in the intervening years, resourceful candidates and politicians came to understand a basic political truth: namely, large political

expenditures would produce many more votes than the votes lost because of disclosing an "undesirable" contribution source. In other words, a candidate who accepts \$10,000 of special interest money might "turn off" 500 potential voters because of the contribution source. But this extra \$10,000 could easily attract 2500 more votes to the candidate because it pays for a specially designed and targeted direct mail piece. Politicians usually know their math, and they can figure out which course of action serves them better. Clearly, money buys results in elections, and more money buys even better results.

One should ask the question: "So, what's the problem with the Arms Race? Is magnitude of money spent on campaigns, per se, bad?" In New Jersey, there are at least three reasons why massive amounts of money manifest bad public policy:

1. When excessive funds are available only to one side in a political contest, we do not have the "level playing field" that our process espouses. The side which gets the big money advantage usually has special access to campaign resources. Access comes in many forms including incumbency, a "safe" district, identification with special interests, and personal wealth.

Nor is this candidate with the big war chest likely to limit campaign contributions and expenditures in his or her campaign. The more well-financed the candidate, the easier it is to scare away a viable opponent.

2. On the basis that money buys influence through access, more money buys even greater influence. This condition occurs whether the campaign is competitive or one-sided.

It is not unusual in a tightly contested legislative race for each side to spend over \$300,000. Special interests often accelerate this spending spiral by contributing to both sides, an obvious strategy of hedging one's position. Is the motive of these special interests good government, candidate preference based on ability, or buying access? Also, consider who the major "committee" contributors are in these expensive campaigns. They are often leadership PACs or "legislative" committees. And these are run by leaders of their parties in each of the two Houses. Because leaders control the legislative agendas, great pressure can be placed on special interests to donate to targeted campaigns through these committees. Reports by

political commentators across the country confirm that raising large amounts of money through leadership PACs is a significant development in recent years.

When the need for campaign funds increases, the most popular source to tap - - - the source that finds it almost impossible to say NO - - - is the lobbyist. And contributions from special interest lobbies do not come without a price. This price is influence with lawmakers who are elected, and influence with those who manage the agenda.

3. Another problem which results from the escalating cost of political campaigns is that good people don't want to run for (or continue in) public office if they have to spend inordinate amounts of time raising funds.

There are several examples at the national level: even though he was the front-runner for election this year to the governorship of Florida, former Governor and United States Senator Rubin Askew has dropped out of the race; Jim Martin who is currently Governor of North Carolina has indicated that he will retire from public life because he just does not want to spend the time and effort raising money

necessary to enter the race for the United States Senate in 1992; former Governor Dick Lamm of Colorado declined this year to run for an open United States Senate seat, principally because of the fund-raising demands.

Legislative leaders in all of the states spend much of their time in fund-raising activity.

In the current political climate, one of the most sought after attributes when recruiting candidates is the ability of that candidate to raise money. The campaign financing Arms Race is starting to impact adversely on the real purpose of politics and public office - - - and that purpose is to govern.

4. Finally, the magnitude of campaign spending in the legislative Arms Race is bad from the standpoint of public perception. Even if one does not accept the causal relationship between campaign contributions by special interests and the purchase of government influence, the negative perception of the entire process has a chilling effect on public confidence.

III. Reform Has To Be Comprehensive

It is essential, in my opinion, for the Commission to address reform of campaign financing and lobbying in a

comprehensive manner. This is not something that can be done on a piecemeal basis. If only one loophole is plugged, another will spring up in short order.

Examples abound of the interrelationship of the many components of a comprehensive campaign finance and lobbying fabric:

- o The gubernatorial finance law that went into effect in 1977 had a gaping loophole in that primaries were not covered. It appeared that candidates were "bought and sold" in the spring primary of 1977. That loophole was corrected shortly thereafter.
- o When contribution limits are imposed, they cannot apply just to individual donors. Otherwise, the limits mean nothing since big money interests can channel funds through political parties, PACs, and other candidate committees.
- o Disclosure of special interest contributions is incomplete unless the business affiliation of individual contributors is also disclosed.
- o The influence of lobbyists, perceived or real, is not known if all money spent by lobbyists entertaining legislators is not revealed.

- o Contribution limits can only be partially effective if they do not apply to a candidate's own personal wealth and resources. Such a limitation can only be imposed under a system which includes some degree of public financing (because of the Buckley v. Valeo Supreme Court ruling of 1976).
- o The principle of disclosure alone, as contained in Chapter 83 of 1973, is no longer a constraint on the flow of special interest money into campaigns.

And there are many more interrelated components that your Commission will have to put into place during its deliberations.

IV. A Legislative Program

In the area of campaign finance and lobby reform, there has been considerable dialogue in public forums and at the legislative committee level during the last two years. In fact, I believe that current legislative initiatives and public positions from various sources are of sufficient variety and scope that the Commission can draw almost entirely from these.

Reform of the legislative ethics code and conflict of interest statutes on the other hand, will require a lot more input and distillation of ideas.

I respectfully refer you to Assembly Bills A-50 thru A-53 for a comprehensive set of campaign finance and lobby reform proposals. These are identical to a package of Senate Bills sponsored by Senate President Lynch.

The first bill, A-50, is an omnibus proposal on the subject of campaign finance, not only for legislative races but for all other contests in New Jersey except Governor. Major components of A-50 include:

a. Contribution Limits

The recommended maximum for contributions from individuals and PACs is \$1,000. Contributions from either source to bona fide political organizations would be \$2,500. Other limits would apply with respect to transfers of funds from one candidate committee to another and to the aggregate amount of political contributions from an individual and PAC in an election cycle.

Virtually every observer of the New Jersey scene agrees that reasonable contribution limits must be established. The success of the gubernatorial campaign financing law could not have been achieved without the provision of an \$800 ceiling

on contributions. In my judgment, this ceiling more than the public financing removed the abuses of special interest money from gubernatorial races.

Contribution limits would reduce the Arms Race which now exists for legislative seats. Analyses of existing data indicate that such reductions would apply almost equally to both sides, so the results of the legislative contests would probably not change to any significant degree. One of the most compelling reasons for establishing contribution limits at a realistic level came to my attention in a publication by a special interest group which opposes contribution limits. This group, when advising its members of its policy on campaign contributions, stated:

"(Our organization) opposes artificially low limits on campaign contributions which only diminish the right of groups of like-minded citizens who band together to achieve a political goal."

Of course, this group did not explain how other associations of citizens who do not have large treasuries could achieve "a political goal".

For comparison purposes, the limit on contributions from individuals to candidates for

Congress and United States Senate is \$1,000 per election cycle. The limit in New Jersey gubernatorial campaigns from either individuals or PACs is \$1,500.

The imposition of aggregate limits would reduce many problems associated with "soft money" where large funds are channeled into political parties and special committees.

b. Prohibition Of Contributions From Corporations And Labor Unions

New Jersey corporations are creatures of the State. They, like labor unions, have a crucial interest in many of the State laws which govern them. Corporate and union contributions are prohibited in Federal elections and in many other states.

This prohibition would not deny the right of such organizations to have "political expression" through PACs. With respect to corporations and businesses, A-50 would tighten up the restrictions on "indirect" corporate gifts by individuals as well as the practice of

"bundling". A grand jury report of last year focused on the abuses that can occur under present law through a concerted effort of combined giving, or "bundling".

c. PACs Must Be Regulated In New Jersey

At present, there are virtually no constraints on PACs except that they must disclose income and expenses according to Chapter 83. It is recommended that PACs register, disclose certain structural information, and abide by many of the same standards that apply under the Federal election law.

There is no requirement under present New Jersey law that the name of a PAC have any relation to its interest or purpose.

d. Other Provisions

- Disclose identity of contributor's employer/occupation.
- Additional standards regarding the use of leftover campaign funds by an officeholder.
- One fund-raising committee per candidate.
- Revisions in reporting requirements to achieve better and more efficient information.

This campaign finance reform bill includes current recommendations of the Election Law Enforcement Commission (ELEC) as well as other proposals that have been the subject of current dialogue. Essentially, the same standards which have applied to Federal elections would be incorporated into the New Jersey structure for legislative and local races. For additional information on A-50, please refer to Appendix A.

The second component of my legislative package is Assembly Bill 51 which proposes to reform the lobby law (Chapter 183, P.L. 1971). This measure contains three major changes:

a. The "Expressly" Loophole Should Be Eliminated

This loophole was placed in the law in a 1981 amendment. It specifies that lobbyists do not have to identify and report benefits passed to legislators unless specific legislation is "expressly" discussed. For example, convention "junkets" where lobbies pay the cost of attendance by legislators is reported only in terms of total lobbying costs; the report does not require identification of the legislators and the amount spent on them unless legislation is "expressly" discussed.

In 1987, lobbyists reported over \$7.2 million total expenditures and only \$34,000 spent "expressly" lobbying legislators. In 1988, the comparable figures were \$10.5 million and \$28,000 respectively.

b. Eliminate The Split Jurisdiction Of Lobbying Activities

Currently, lobbyists must report to both ELEC and the Attorney General. A-51 proposes to have all of the reports directed to ELEC. This agency (ELEC) would enforce all aspects of the law except where alleged criminal violations are involved, in which case the matter would be turned over to the Attorney General.

c. Regulate Lobbying Of The Executive Branch

After extensive research of lobbying statutes in other states, a program is recommended in A-51 to proscribe the conditions under which Executive Branch agencies are lobbied. This activity has not been covered by New Jersey law except when Executive agencies are involved in pending legislation. It is acknowledged that the vast

State bureaucracy which operates under regulations of the Administrative Code represents "invisible" government.

d. Other

Improvements and efficiencies in the reporting by lobbyists are also recommended.

The major provisions of A-51 have been endorsed by present and past ELECs. In my opinion, the most egregious loophole in all of the statutes involving political finance and ethics is the "expressly" loophole. Maintaining this provision is the sine qua non of the lobby fraternity.

Partial Public Financing Of Legislative Races

Any form of public financing of legislative contests has been strongly resisted by well-meaning groups who believe that it is not appropriate to use public funds to support a candidate in the election process. Nevertheless, several states have adopted partial public financing for legislative races, and New Jersey's gubernatorial public financing statute serves as a national model. During the 203rd New Jersey Legislative Session, there was renewed interest in some sort of public financing for the Legislature.

Assembly Bill 52 contains fundamental provisions which have been refined in the public dialogue during the last two years. This proposal would provide up to \$20,000 in one-to-one matching funds for candidates who qualify. Party committees would be allowed to contribute \$30,000 per election, while the individual candidate would be limited to \$15,000 of his/her own funds. Total spending limits of \$100,000 per election are part of this proposal. Please refer to Appendix B for the details of A-52.

In my judgment, the most important feature of partial public financing is that access to a candidate's personal wealth can be limited. The Supreme Court also ruled that, under public financing, the total expenditures of a campaign can be capped.

Opponents of public financing will argue that this process gives incumbents an inordinate advantage. Such reasoning is specious as long as the thresholds and limits of the public financing process are at such levels that a challenger is fully capable of campaigning against an incumbent, notwithstanding the latter's greater access to media.

There are a multitude of techniques which can be employed to establish a "level playing field" for candidates in a

publicly financed race. Incentives can be placed in the law which will encourage acceptance of public financing with its concomitant limitations. For example, expenditure caps do not have to apply to a candidate who chooses public financing if the opponent declines public financing. There are many ingenious public financing programs in place in other states, and even in New York City.

Other Issues

There are other issues relating to campaign finance and lobby reform for which legislative remedies have not been drafted. Accordingly, Assembly Bill 53 has been introduced in anticipation of a study commission (such as yours) to "work out some of the details". Among the more significant open issues are:

- Standards and limitations on the use of unspent campaign funds.
- Development of additional funding sources for ELEC. Caution is suggested in recommending any plan that would use fine money recovered by ELEC from civil offenses as a significant source of revenue. Otherwise, ELEC would be viewed as a "bounty hunter", and would be even more unpopular with the Legislature.

- Establishment of a "fair campaign practice" code.
- Additional constraints on the use of "soft money" in campaigns, particularly independent expenditures. Better methods can be developed to identify independent expenditures when they occur.
- Consideration of contribution limits from political party organizations to campaigns at the county and local levels.
- The inclusion on New Jersey income tax returns of an additional checkoff for raising funds for publicly financed elections other than Governor.

The above elements of campaign finance and lobby reform in no way represent the total array of possibilities. They are offered so that your Commission can focus on many of the major concerns.

V. The Role Of The Political Parties

Much has been written in recent years about the demise of political parties at all levels. At the same time, we have seen the rise of the candidate centered campaign where funds are raised outside of the party apparatus by a candidate and his/her "independent" entourage.

A new political phenomenon in the form of leadership PACs or legislative party committees has entered the fray. In the battle to elect Legislators and gain majority status in a legislative body, the elected leaders in many states are spending inordinate amounts of time raising funds in an effort to produce majorities.

Many other factors, which political scientists know more intimately than I, are militating against the power and role of political parties. Among these are: the demise of volunteerism and the increase in households where both parents are in the work force; the assumption of welfare activities by government; communication through the electronic media instead of neighborhood "networking"; etc., etc.

It is my strong belief that the process would be better served if political parties played a greater role. The package of legislation as presented above contemplates this kind of party revival.

Some political operatives look at parties only as a "flag of convenience" which a candidate must have to gain credibility on the ballot.

I would hope that any recommendations that your Commission develops will take into account the need to restore

political party vitality while at the same time making these organizations appropriately accountable to their members and to the public.

VI. Ethics Reform

As previously stated, the issues regarding a legislative code of ethics and the conflict of interest statutes will probably require more research and deliberation by your Commission. Ethical behavior is very subjective. It is open-ended, it cannot be circumscribed by laws as is the case with campaign finance and lobbying activities. One's motives have to be understood and analyzed, an impossible task to do in any objective manner.

For example, two Legislators might be faced with an identical situation - - - that of representing certain banking interests in the Legislator's area. One might decline on the basis of the appearance of conflict. The other might accept because he/she genuinely believes that the client can be served without any conflict. And this second Legislator would receive an opinion from the Commission on Ethical Standards that this representation was not in violation of any law or code. It seems that meaningful disclosure is probably the best tool to use on ethical conduct - - - and then let the public make its own judgment.

Notwithstanding the above, I do have a few comments that I would like to make at this time, while reserving the right to appear before your Commission with more detailed observations at a future date.

- o The Legislative Ethics Commission should contain public members.
- o Meetings of the Legislative Ethics Committee should be open whenever possible.
- o Additional disclosures should be required including real estate holdings and "major" liabilities or indebtedness.
- o Broad categories of asset value disclosure would be acceptable, but I have strong reservations about itemized disclosure of the value of all assets, income, and other financial items. This type of disclosure would threaten some, and embarrass others.
- o The issue of whether lawyers and other professionals should disclose clients who produce over a certain amount of income (\$10,000 ?) is a matter which your Commission should study.
- o Is the present system of filing a statement identifying a potential conflict of interest by a

Legislator - - - and then allowing the Legislator to vote, notwithstanding that conflict, appropriate as a deterrent, in reality or perception?

- o Can conflicts of interest be sufficiently proscribed while still maintaining a part-time or "citizen" Legislature? Clearly, allowing a conflict of interest to exist purely on the basis that we are a part-time Legislature is unacceptable. In this context, it is reasonable for your Commission to review the question of full-time legislative service.
- o Would a limitation on terms of Legislators reduce the "inevitable" conflicts of interest?

- - - - -

This Commission has the singular opportunity to improve the institutions of government in our State. The climate is right and the issues are well defined. The news media is watching you and so are the people. In case any of you have not sensed the public's mood on these issues, I would suggest you read the Eagleton poll of June 19, 1988 entitled "Money in Politics: Lobbyists, Legislators, and Campaign Financing".

APPENDIX A

I. Contribution Limits - Analysis, A-50

From Individuals:

- To Candidate	\$ 1,000	per election
- To County/Municipal Political Committee	4,000	per year
- To State Political Committee	15,000	per year
- To Multi-Candidate Committee	1,000	per election
- Aggregate All Campaign Contributions	25,000	per year

From PACs:

- To Candidate	\$ 1,000	per election
- To County/Municipal Political Committee	4,000	per year
- To State Political Committee	15,000	per year
- To Multi-Candidate Committee	1,000	per election
- Aggregate All Campaign Contributions	100,000	per year

From One Candidate:

- To Another Candidate	\$ 2,500	per election
- To All Other Candidates	50,000	per election

From Multi-Candidate Committee:

- To One Candidate	\$ 2,500	per election
- To All Candidates (of one class)	250,000	per election

From County or Municipal Political Committee

- To One <u>Legislative</u> Candidate	\$ 20,000	per election
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II. PACs

- PACs must register with ELEC and provide certain standard basic information.
- The name of the PAC must reflect the purpose of the PAC.
- Any special fund-raising or allocation policies of the PAC must be specified in the registration statement.
- ELEC shall approve the PAC as to its conformity with the standards of registration in the law.
- The public and members of a PAC can see the filing documents.
- Redundancy of PACs is prohibited, thereby eliminating the tendency to have a proliferation of affiliated committees.

III. Corporations and Unions are prohibited from contributing to campaigns.

- This provision in the bill contains a strong section which prevents "indirect contributions" when corporations or other organizations give excessive salaries to their officers with the understanding that those officers are to use that "excess" to purchase dinner tickets and make contributions.

IV. Other Significant Provisions:

- A. Requires the identity of the employer and occupation of individual contributors.
- B. Requires that recipients and donors of tickets to political fund-raisers be identified where the value of the ticket/contribution is \$200.00 or more (per ticket).
- C. Spells out conditions under which officeholders are allowed to collect and spend contributions raised during and after a campaign.

"...the payment of any ordinary and necessary expenses, including, but not limited to, supplies, travel, communications and rent, incurred by an elected holder of public office in connection with that person's duties as a holder of public office, but excluding salaries, automobiles and other forms of personal transportation ...".
- D. A candidate can have only one fund-raising committee.
- E. There can be only one multi-candidate committee for a certain class of candidates.
- F. Officeholders who continue to raise funds must report quarterly in non-election years after such officeholder has raised/spent \$2,000.00 in one calendar year. (The present law allows a successful candidate to file a final report after which no more reporting is required. If that officeholder has fund-raisers in non-election years, the only requirement is that he/she report receipts and expenditures as soon as he/she becomes a candidate in the next primary election for that office.)
- G. There is a limit to out-of-state contributions of \$250.00, except from close family members.
- H. Current regulations regarding "street money" are put into the Statute.
- I. There are strict requirements preventing an organization or members of a group of an organization to loan money to other members of the same group for the purpose of making political contributions. This is an anti-bundling provision.
- J. Appropriation of \$1.5 million.

V. Miscellaneous:

- A. Excludes from major reporting requirements certain candidates for tax districts, municipal charter commissions, etc.
- B. The term of ELEC Commissioners is extended from 3 years to 5 years.
- C. ELEC is required to publish the analysis of contributions and expenditures within a specified period after certain elections.
- D. The mailing address of a contributor is required.
- E. The requirement to report independent expenditures by an individual has been increased from \$100.00 to \$1,000.00.
- F. Any advertisement by an independent expenditure must have an accompanying statement.

APPENDIX B
PARTIAL PUBLIC FINANCING PROPOSED BY A-52

<u>Provision</u>	<u>A-52:</u>
Maximum contribution	\$1,000
Threshold for qualifying for public funds	\$8,000
Contributions for threshold qualifying	First \$400 of contribution from individual donor
Matching formula contribution from individual <u>after</u> threshold is attained	1:1 of up to \$400 of
Maximum public funds	\$20,000
Maximum aggregate political party committee contribution	\$30,000
Spending limits	\$100,000
Maximum candidate expenditure from own funds	\$15,000
Cut-off date for eligibility election	30 days before
Mandatory debates regulations promulgated by ELEC	Minimum 2, as per
Automatic indexing of \$ limits increases and as per regulation promulgated by ELEC, but not to exceed 3% per year	In accordance with CPI

I. APPENDIX C - NJ DENTAL PAC

Reports from 4/1/89 to 3/31/90
(4 quarters)

Total contributions to Assembly members (Direct). Includes \$56,775
\$1000 to Girgenti

Contributions to Misc. political Committees 29,500

Average contribution to members who supported A 2598 965

Average contribution to members who voted No or abstained on A-2598 384

Note: Contributions to an Assembly team are split 50/50.

No analysis made of contributions made by opponents of A 2598

No way of tracing contributions from DENTAL PAC through committees to candidates

May 16, 1990

II. APPENDIX C

YES Votes - A 2598, Assembly May 14, 1990

<u>member</u>	<u>contributions</u> <u>rec'd</u>
Mc Greevey	\$ 5750
Otlowski	3650
Salmon	3500
Villapiano	3000
Imprevuto	3000
Gill	2750
Duch	2750
Jacobson	2500
Doria	2000
Cooper	1300
DeCroce	1000
Doyle	1000
Hayraian	1000
Schwartz	1000
Kenney	750
Pascarell	700
Bryant	500
Charles	500
Cimino	500
Deverin	500
Farragher	500
Felice	500
Foy	500

<u>member</u>	<u>contributions</u> <u>rec'd</u>
Kavanaugh	\$ 500
Kronick	500
Paterno	500
Pelly	500
Randall	500
Rocco	500
J. Smith	500
R. Smith	500
Spadaro	500
Zecker	500
Kamin	250
Cohen	-
Colburn	-
Connors	-
Hudak	-
Kelly	-
Littell	-
Mecca	-
Moran	-
Penn	-
Roma	-
Rooney	-
Scerni	-
<u>46</u>	

total 44,400

III.

A-2598, Assembly - May 14, 1990

ABSENT

<u>Abstentions</u>	
<u>Member</u>	<u>contributions rec'd</u>
Meneudes	\$ 1250
Naples	1125
Franks	1000
Frelinghuysen	1000
Arnone	500
Bush	500
Kalik	500
Marsella	500
Mattison	500
Zangari	500
Baer	-
Mazur	-
Ogden	-
Roberts	-
Shinn	-
Watson	-
16	\$ 7375

total 33 \$ 11,375

May 16, 1990

TV.

APPENDIX C

Contributions to Misc. Committees

Assembly Republican Majority	\$ 9250
Democratic Assembly Majority	6250
Stand Up for South Jersey Ocean City	5000
McGann in 89 (Jersey City)	2000
Ocean County GOP Com.	1500
Good Gov't Committee Perth Amboy	1000
New Jersey Leadership Summit	1000
Monmouth County Campaign Bert Riffeberg, No Middleton	1000
Republican Women of the 90's	600
Passaic County Dem Com.	500
Union County Dem Com	500
Essex County Dem Com	450
Republican Victory 89 (Denville)	450
<hr/>	
Total	\$ 29,500

STATEMENT OF

HONORABLE THOMAS P. FOY
7TH LEGISLATIVE DISTRICT

AD HOC COMMISSION ON LEGISLATIVE ETHICS
AND CAMPAIGN FINANCE

STATE HOUSE ANNEX
TRENTON, NEW JERSEY
MAY 16, 1990

INTRODUCTION

THANK YOU FOR THIS OPPORTUNITY TO CONVEY MY THOUGHTS ABOUT CAMPAIGN FINANCE REFORM. I HAVE NO NEW PROPOSALS TO OFFER THE COMMISSION TODAY. MY REMARKS MERELY OUTLINE THE GENERAL DIRECTION THAT I BELIEVE OUR REFORM EFFORT SHOULD BE HEADING. BASICALLY, I WANT TO FOCUS ON THREE THEMES.

FIRST, LET'S NOT LET PERCEPTIONS AND REALITY GET TOO FAR APART IN THE REFORM PROCESS. BE REALISTIC ABOUT CAMPAIGN FINANCE REFORM: SOME THINGS NEED TO BE CHANGED, AND SOME THINGS DON'T. BASIC, LIMITED REFORMS IN THE CAMPAIGN FINANCING SYSTEM CAN GO A LONG WAY TOWARD RESTORING THE INTEGRITY OF THE CAMPAIGN FINANCING SYSTEM AND THE PUBLIC'S CONFIDENCE IN OUR ELECTORAL PROCESS.

SECONDLY, CAMPAIGN FINANCE IS AN EXTREMELY IMPORTANT PART OF OUR ELECTORAL SYSTEM AND OUR SYSTEM OF GOVERNANCE. BUT IT IS ONLY ONE PART. FOCUSING EXCLUSIVELY ON SPENDING LIMITS WON'T PRODUCE THE KINDS OF RESULTS THAT WE ALL WANT. WE ALSO HAVE TO LOOK AT INSTITUTIONS, LIKE POLITICAL PARTIES AND THE ELECTION LAW ENFORCEMENT COMMISSION.

THIRD, THROUGH OUR REFORM EFFORTS, LET'S WORK TOWARD AN ELECTORAL SYSTEM THAT IS COMPETITIVE, REPRESENTATIVE, AND WORKABLE. THESE ARE THREE BASIC GOALS THAT NEW JERSEY'S ELECTORAL SYSTEM HAS TO ACHIEVE, AND CAN ACHIEVE THROUGH THE WORK OF THIS SPECIAL COMMISSION.

SUPPORT OF LIMITED REFORM

STEP ONE, I THINK, IS TO TAKE A HARD LOOK AT LEGISLATIVE BEHAVIOR AS IT EXISTS TODAY.

WE ARE HERE TODAY BECAUSE OF THE PUBLIC'S PERCEPTION THAT THE LEGISLATIVE CAMPAIGN AND FINANCE SYSTEM IS CORRUPT AND SKEWED TOWARD WEALTHY SPECIAL INTERESTS.

NEW JERSEYANS ARE BEING TOLD THAT MONEY BUYS ACCESS, THAT MONEY BUYS LEGISLATIVE VOTES, AND THAT MONEY IS KEEPING OUR LEGISLATURE FROM PROTECTING THE PUBLIC INTEREST.

ITS HARD FOR ME TO FEEL COMFORTABLE WITH THAT PERCEPTION BECAUSE THAT'S NOT THE WAY LEGISLATIVE LIFE IS.

ALL OF YOU KNOW FROM DIRECT EXPERIENCE THAT OUR LEGISLATORS ARE CONSTANTLY ON THE PHONE AND IN MEETINGS, NOT WITH HIGH-POWERED LOBBYISTS, BUT WITH CONSTITUENTS AND OTHER LEADERS IN THE DISTRICT. THE CARE AND FEEDING OF THE DISTRICTS IS OUR PRIMARY CONCERN.

TO THAT END, WE TAKE ON THE DEPARTMENTS TO HELP GET ANSWERS AND ACTIONS. WE PUT IN LEGISLATION TO TAKE CARE OF LOCAL CONCERNS.

THE BULK OF OUR DISTRICT OFFICE WORK INVOLVES CONSTITUENT INQUIRIES, TO THE POINT WHERE, IN CASES LIKE AUTO INSURANCE REFORM, I HAVE TO WONDER IF MY DISTRICT OFFICE'S BUDGET IS ADEQUATE TO COVER THE COPYING AND MAILING OF THE BILLS THAT PEOPLE WHO LIVE IN MY DISTRICT REQUEST.

THE THOUSANDS OF BILLS WE DEAL WITH ARE INTRODUCED LARGELY BECAUSE OF CONSTITUENT PROBLEMS, PRESS CRISES, AND THE NEEDS OF THE CURRENT ADMINISTRATION, NOT THE NEEDS AND WANTS OF HIGHLY PAID OR HIGH PAYING LOBBYISTS. VOTES ARE DETERMINED BY WHAT WE THINK OUR SUPPORTERS AT HOME WANT AND BY WHAT SEEMS REASONABLE TO US IN LIGHT OF THE VALUES WE HOLD. THAT'S WHAT MAKES LEGISLATIVE VOTES TURN.

THE MAIN PROBLEM AS I SEE IT FROM MY VANTAGE POINT IN THE ASSEMBLY IS THAT THE FLOW OF CONTRIBUTIONS CREATES A PROBLEM BECAUSE THE CONTRIBUTIONS ARE NOT BROUGHT FULLY INTO THE PUBLIC EYE.

POINT ONE, THEN, IS THAT OUR PROBLEMS IN THE AREA OF CAMPAIGN FINANCE ARE SIGNIFICANT, BUT THEY ARE NOT MASSIVE. THE REAL WORLD OF LEGISLATIVE LIFE IN NEW JERSEY IS NOT ALL THAT FAR FROM WHAT THE CITIZENS WANT.

IT IS EASY TO FOCUS ON THE MASSIVE AMOUNTS OF MONEY THAT ARE BEING RAISED BY INDIVIDUAL CANDIDATES AND LEADERSHIP PACS. BUT WE SHOULD NOT OVERLOOK THE FACT THAT THE AVERAGE DAY-TO-DAY WORK OF A LEGISLATOR INVOLVES THE BACK-BREAKING TASK OF SERVICING HIS HOME DISTRICT. WE NEED A SPLINT AND SOME BANDAGES, NOT CPR.

CAMPAIGN FINANCE RULES ARE ONLY ONE PART
OF DEMOCRATIC ELECTIONS AND GOVERNANCE

MY SECOND POINT IS THAT ALL OF US WANT CAMPAIGN FINANCE REFORM BECAUSE WE ALL WANT GREATER CITIZEN PARTICIPATION, A BETTER LEGISLATIVE SYSTEM, AND A BETTER PUBLIC POLICYMAKING SYSTEM ALL AROUND. SO LET'S THINK ABOUT SPECIFIC REFORM PROPOSALS IN THOSE TERMS.

THE MAIN PROBLEM, OF COURSE, IS FUNDRAISING. EVERYONE OF US HATES IT. THE LOBBYISTS HATE IT. THE PRESS HATES IT, AND, MOST IMPORTANTLY, THE PEOPLE HATE IT BECAUSE OF WHAT IT APPEARS TO REPRESENT.

THE RULES OF THE GAME WITH RESPECT TO GIVING CAMPAIGN CONTRIBUTIONS, REQUESTING CAMPAIGN CONTRIBUTIONS, AND DISCLOSING CAMPAIGN CONTRIBUTIONS NEED TO BE TIGHTENED AND CLARIFIED.

BUT HAVING SAID THIS, I ALSO WANT TO NOTE THAT YOU CAN'T RUN COMPETITIVE ELECTIONS WITHOUT SPENDING LARGE AMOUNTS OF MONEY.

THE CREATION OF A PUBLIC FORUM, WHETHER ITS POLITICAL OR NONPOLITICAL, IN OUR STATE IN THE 1990'S COSTS MONEY, BIG MONEY. ADVERTISING IN THE PAPER, ON TELEVISION, AND ON THE RADIO COSTS THOUSANDS OF DOLLARS. WE CAN'T EXCHANGE IDEAS AND INFORMATION TODAY WITHOUT GENERATING COSTS. OUR DEMOCRACY IS BASED ON ELECTRONIC, MASS MEDIA. AND AS ANY ADVERTISING PROFESSIONAL OR BUSINESS PERSON WILL TELL YOU, ELECTRONIC MASS MEDIA IS EXPENSIVE.

CAMPAIGN DISCLOSURE REQUIREMENTS AND COMPLIANCE WITH CURRENT LAW COSTS ALSO INVOLVE LARGE PAYMENTS TO PROFESSIONALS WHO UNDERSTAND COMPLEX STATUTORY AND REGULATORY REQUIREMENTS.

CAMPAIGNS ALSO REQUIRE SPACE, WORKERS, COMPUTERS, PRINTERS, AND PHONES, AND ALL TO GET FAIRLY MINIMAL TURNOUT FROM THE ELECTORATE.

AND BECAUSE CAMPAIGNS ARE SO EXPENSIVE WE HAVE TO PROTECT OUR INVESTMENTS BY CONDUCTING POLLS AND ANALYSES, ADDING FURTHER TO THE COSTS OF RUNNING A LEGISLATIVE CAMPAIGN.

SO WHILE MONEY IS A PROBLEM, ITS ALSO A NECESSARY PART OF THE SOLUTION. FOCUSING ON SPENDING WON'T GET THE RESULTS WE WANT BECAUSE WITHOUT THE MONEY NEEDED FOR CAMPAIGNS THERE WILL NOT BE ANY FORUM TO CONVEY TO THE PUBLIC THE BASIC MESSAGES ABOUT THE CANDIDATES, THE PARTIES, AND THE ISSUES THAT THE PUBLIC NEEDS.

IN THIS REGARD PERHAPS WE NEED TO THINK ABOUT HOW WE CAN BEST UTILIZE THE STATE AND COUNTY POLITICAL PARTIES TO ENSURE THAT MONIES ARE SPENT IN PROPER WAYS.

OUR CURRENT ELECTION AND CAMPAIGN FINANCING SYSTEM IS LIKE A FLEA-MARKET: THERE ARE SCORES OF LITTLE SHOPS, LITTLE ENTREPRENEURS,

SELLING THEIR WARES, TAKING THEIR CONTRIBUTIONS AND DOING THEIR OWN LITTLE THINGS, LARGELY WITHOUT REGARD TO WHAT THE OTHER ENTREPRENEURS ARE DOING.

THE PROBLEM WITH THIS SYSTEM IS THE ABSENCE OF ANYTHING THAT APPROACHES A COHERENT CHOICE AT A STATEWIDE LEVEL. FRAGMENTATION IS EXTREME. CHOICES ARE MULTIPLIED BEYOND BELIEF.

AND BECAUSE OF THIS SYSTEM, WE SPEND OUR TIME HERE IN TRENTON DOING THINGS THAT WE DON'T HAVE TO DO. WE SPEND HOURS ON BILLS THAT SIMPLY DON'T MATTER TO THE PEOPLE OF THIS STATE. OUR TIME IS SPENT NOT BECAUSE OF MONEY OR THE AMOUNT OF A CAMPAIGN CONTRIBUTION, BUT BECAUSE WE HAVE AN ELECTORAL SYSTEM THAT TENDS TO PROMOTE INDIVIDUAL ENTREPRENEURS AND TO DOWNPLAY COHESIVE GROUPINGS AMONG LEGISLATORS.

I WOULD ASK YOU THEN TO CONSIDER HOW THROUGH CAMPAIGN FINANCE REFORM WE CAN BETTER USE OUR PARTY STRUCTURES TO AVOID SOME OF THE CHAOS OF THE CURRENT SYSTEM.

WORK TOWARD A COMPETITIVE, REPRESENTATIVE
AND WORKABLE ELECTORAL PROCESS

FINALLY, WHAT SPECIFIC CAMPAIGN FINANCE REFORMS WILL PROMOTE A LEGISLATIVE ELECTORAL SYSTEM THAT IS COMPETITIVE, REPRESENTATIVE AND WORKABLE?

IF YOU WANT COMPETITIVENESS, INCREASE ACCOUNTABILITY FOR INDIVIDUAL CANDIDATES. EXPAND AND TIGHTEN OUR DISCLOSURE REQUIREMENTS. FORCE CANDIDATES TO REVEAL WHERE THEIR MONEY COMES FROM AND WHERE IT GOES.

LOOPHOLES IN THE CURRENT DISCLOSURE LAW SHOULD BE THOROUGHLY EXAMINED. STATE, INDEPENDENT, AND CONNECTED COMMITTEES SHOULD BE

SUBJECTED TO FULL DISCLOSURE REQUIREMENTS.

CANDIDATES AND OFFICEHOLDERS SHOULD BE REQUIRED TO SUBMIT DETAILED ANNUAL PERSONAL FINANCIAL DISCLOSURE STATEMENTS, AND LEGISLATORS SHOULD REPORT ALL GIFTS AND HONORARIA AND REIMBURSEMENTS ABOVE A REASONABLE THRESHOLD.

I WOULD ALSO RECOMMEND THAT YOU CONSIDER STATE-SUPPORTED OR PROMOTED DEBATES AND OTHER PUBLIC FORUMS TO COUNTERBALANCE THE GROWTH OF NEGATIVE CAMPAIGNING AND THAT ELEC BE GIVEN ADEQUATE RESOURCES TO PERFORM AN EFFECTIVE MONITORING ROLE WITH RESPECT TO CAMPAIGN FINANCES AND DISCLOSURE.

IF YOU WANT A REPRESENTATIVE SYSTEM, I RECOMMEND THAT WE GET MORE INFORMATION FROM CONTRIBUTORS ABOUT WHO THEY ARE AND WHAT THEY'VE GIVEN AND THAT WE LIMIT THE LEVELS THAT INDIVIDUALS AND GROUPS CAN CONTRIBUTE TO INDIVIDUAL CANDIDATES, WITH SIGNIFICANTLY HIGHER CONTRIBUTION LEVELS FOR THE PARTIES.

I WOULD ALSO STRONGLY SUPPORT REASONABLE LIMITS ON TRANSFERS FROM LEADERSHIP PACS DIRECTLY TO INDIVIDUAL LEGISLATIVE CAMPAIGNS.

IF YOU WANT A SYSTEM THAT WORKS, AVOID DIRECT PUBLIC FINANCING OF LEGISLATIVE CAMPAIGNS. OUR CITIZEN DON'T LIKE IT, AND THEY WON'T PAY FOR IT.

IN ADDITION, AVOID IMPOSING LIMITS ON SPENDING. EXCEPT FOR POLLING BOOTHS AND VOTE TALLIES, THE ELECTORAL SYSTEM WILL FOR THE FORESEEABLE FUTURE BE CREATED BY VOLUNTARY CONTRIBUTIONS TO CANDIDATES AND PARTIES. VOLUNTARY CONTRIBUTIONS ALLOW CANDIDATES, CHALLENGERS AND INCUMBENTS ALIKE, TO GET THEIR MESSAGE OUT.

IF YOU WANT A SYSTEM THAT WORKS, ESTABLISH HIGHER CONTRIBUTION

THRESHOLDS FOR THE PARTIES AND THE STATE AND COUNTY COMMITTEES TO BREAK THE GRIP OF FRAGMENTATION THAT EXISTS IN THE CURRENT SYSTEM.

ALL OF US AGREE THAT NEW, CLEARER RULES ARE NEEDED TO CONTROL THE INFLUENCE OF CONTRIBUTIONS ON OUR USE OF POWER. WHAT WE NEED TO AGREE ON IS A SET OF BASIC CHANGES IN THE RULES THAT WILL HAVE SYSTEM-WIDE IMPACT. SIMPLE CHANGES, EMPHASIZING ON ENHANCED DISCLOSURE REQUIREMENTS AND LIMITS ON CONTRIBUTIONS WITH HIGHER LIMITS FOR POLITICAL PARTIES, WILL GIVE US THE KIND OF ELECTORAL SYSTEM WE WANT.



NEW JERSEY GENERAL ASSEMBLY

ASSISTANT MINORITY WHIP

PATRICK J. ROMA

ASSEMBLYMAN 38TH DISTRICT

40 EAST MIDLAND AVENUE

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COMMITTEES

APPROPRIATIONS

SUBCOMMITTEE ON GOVERNMENTAL OPERATIONS,

PUBLIC INVESTMENTS & FINANCE

May 15, 1990

To: Alan Rosenthal, Chairman
From: Assemblyman Patrick J. Roma
Subject: Public Hearing on Legislative Ethics and Campaign Finance - May 16

Unfortunately, my schedule did not allow me to join you here today. However, I would like to take this opportunity to make my feelings known on these important issues.

I would recommend limits to be placed on contributions from individuals and PAC's, to decrease both the cost of elections, and our reliance upon special interest groups.

My reaction is that the public perceives large and numerous contributions as being inconsistent with good government, despite the very real and good intentions of our fine New Jersey Legislature. I am of the opinion that while we can never legislate morality, reform legislation would be an important step in our system of government. This will prevent overreliance on special interests and allow legislators more time to focus on the concerns of government and our constituency.

I would recommend that a ceiling be placed on the amount candidates can spend per election, ie: \$75,000, to prevent candidates from "buying" an elected office. The limitation should extend to situations involving the candidates use of his or her personal money to provide competition and encourage people to enter government.

As a necessary corollary, the term for a member of the Assembly should be extended to 3 years to decrease costs and increase available time to meet the growing needs of our state.

Lastly, I have reviewed many of the initiatives of Assemblyman Bill Schluter and am supportive of the fine proposals. It is my hope that we will make this a reality of the 204th legislative session.

45X



NEWS

Assemblyman
Pat Roma



from Assemblyman Pat Roma

ASSEMBLYMAN PATRICK J. ROMA
DISTRICT 38
40 E. MIDLAND AVE.
PARAMUS, N.J. 07652

PACSIMILE COVER SHEET

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Rich Locascio

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(201) 263-4633

(201) 263-6630

Re: Statement For
tomorrow's hearing.

Thank,
Rich

46X

I am also cognizant of the fact that as campaign expenditures continue to escalate, the public becomes increasingly more cynical about the integrity of their government when politics must be subsidized through such a process. Quite frankly, we need campaign finance reform to restore public confidence and accessibility to State government.

Very briefly, let me share my views with this commission relating to legislative campaign financing. As embodied in Assemblyman Cimino's legislation, I support a cap on individual contribution limits in legislative campaigns and the concept of public financing. Not only would this help to remove the financial pressures for incumbents seeking re-election, this proposal would also encourage candidates with less financial resources to seek public office.

From an ethical aspect, there are several reforms that I would like to lend my support to as well. Increased financial disclosure requirements would solve much of the concern over potential conflict of interest infractions. By requiring more specific reporting requirements of contributions, income sources and expenditures, the Legislature would clearly be taking a step in the right direction.

This session, I have cosponsored several pieces of legislation designed to strengthen the ethical standards applied to the Executive and Legislative branches of government. Revising post-employment representational restrictions for State officials and employees and the restructuring of the Executive Commission on Ethical Standards are among two of the proposals which I strongly support. Additionally, every effort must be made to strengthen the ability and powers embodied in the New Jersey Election Law Enforcement Commission. By adopting such measures, New Jersey's would serve as a national leader with regard to conflict of interest and ethical standard regulations.

TESTIMONY OF ASSEMBLYMAN JAMES E. McGREEVEY
COMMISSION ON LEGISLATIVE ETHICS AND CAMPAIGN FINANCE

Members of the Commission on Legislative Ethics and Campaign Finance:

Let me first acknowledge Governor Florio, President Lynch and Speaker Doria for initiating the creation of this commission and exhibiting a commitment toward a more productive, efficient government here in New Jersey.

Legislative campaign finance reform is not a new idea. As government policy concerns become increasingly more complex and paramount to the function of our State, the need for campaign finance and legislative ethics reform has become quite apparent.

Prior to our last state-wide election, New Jersey took a tremendous step forward with the implementation of Gubernatorial finance reform and a revision of its public finance guidelines. It is now time for the Legislature to follow suit.

Assemblyman "Skip" Cimino has served as a leader in legislative campaign reform efforts. The legislative package he has put forth should serve as a model whereby publicly funded legislative campaigns will help strengthen the political and policy making process.

As a freshman legislator from a competitive district, I can tell you that the cost of running an efficient campaign in today's marketplace is simply astronomical. Candidates have been forced to participate in a never-ending fundraiser in order to maintain a position in the State Legislature.

Since 1974, New Jersey has offered public funds for gubernatorial campaigns, opening the legislative process to those qualified to serve in government and not merely those who can afford to do so. It is of equal importance to initiate this reform in the New Jersey Legislature so that we may assure the highest levels of integrity and moral character in government and the policy making process. In short, ethical and legislative finance reform will strengthen the institution of government as a whole.

I.

APPENDIX C - NJ DENTAL PAC

A "case study" regarding the relationship of political money and legislative votes has recently occurred in the New Jersey Assembly. On May 14, 1990, A-2598 passed the General Assembly with 46 votes in favor, 11 opposed, 16 abstentions, and 6 absent. (There was 1 vacancy in the Assembly at that time which accounts for the total of 79 members.)

This bill proposes to allow a new classification of "para-dental" assistants to work in the office of New Jersey dentists - - - in addition to the already established categories of dental assistant and dental hygienist. The dentists' PAC favors the measure, and the Assistants and Hygienists oppose. Obviously, this is not a "core issue" with virtually all Legislators.

The analysis on the following pages shows the total campaign contributions received by Assembly members from April 1, 1989 thru March 31, 1990 from Dental PAC. Summary figures are as follows:

Total contributions to Assembly members (direct). Includes \$1,000 to Girgenti whose seat was vacant at the time of the vote.	\$59,275
Contributions to miscellaneous political committees	\$24,500
Average contribution to members who supported A-2598	\$1,020
Average contribution to members who voted no or abstained on A-2598	\$384

Notes: Contributions to an Assembly team are split 50/50.

No analysis made of contributions made by opponents of
A-2598.

No way of tracing contributions from Dental PAC through
committees to candidates, or direct contributions
from dentists.

APPENDIX CYES VOTES - A-2598, Assembly May 14, 1990

<u>Member</u>	<u>Contributions Rec'd</u>
Salmon	\$ 6,000
McGreevey	5,750
Otlowski	3,650
Villapiano	3,000
Impreveduto	3,000
Gill	2,750
Duch	2,750
Jacobson	2,500
Doria	2,000
Cooper	1,300
DeCroce	1,000
Doyle	1,000
Haytaian	1,000
Schwartz	1,000
Kenny	750
Pascrell	700
Bryant	500
Charles	500
Cimino	500
Deverin	500
Farragher	500
Felice	500
Foy	500
Kavanaugh	500
Kronick	500
Patero	500
Pelly	500
Randall	500
Rocco	500
J. Smith	500
R. Smith	500
Spadaro	500
Zecker	500
Kamin	250
Cohen	---
Colburn	---
Connors	---
Hudak	---
Kelly	---
Littell	---
Mecca	---
Moran	---
Penn	---
Roma	---
Rooney	---
<u>Scerni</u>	<u>---</u>
Total 46	\$46,900

III.

APPENDIX C

A-2598, Assembly - May 14, 1990

NO VOTES

	<u>Member</u>	<u>Contributions Rec'd</u>
	Adubato	\$ 1,500
	Martin	500
	Russo	500
	Shusted	500
	Brown	---
	Collins	---
	Ford	---
	Kyrillos	---
	LoBiondo	---
	McEnroe	---
	<u>Schluter</u>	---
Subtotal	11	\$ 3,000

ABSTENTIONS

	Menendez	\$ 1,250
	Naples	1,125
	Franks	1,000
	Frelinghuysen	1,000
	Arnone	500
	Bush	500
	Kalik	500
	Marsella	500
	Mattison	500
	Zangari	500
	Baer	---
	Mazur	---
	Ogden	---
	Roberts	---
	Shinn	---
	<u>Watson</u>	---
Subtotal	16	\$ 7,375

ABSENT

	Mullen	\$ 500
	Schuber	500
	Albohn	---
	Crecco	---
	Hardwick	---
	<u>Stuhltrager</u>	---
Subtotal	6	\$ 1,000
Grand Total	33	\$11,375

APPENDIX CContributions to Miscellaneous Committees

Assembly Republican Majority	\$ 9,250
Democratic Assembly Majority	6,250
McGann in 89 (Jersey City)	2,000
Ocean County GOP Com.	1,500
Good Gov't Committee (Perth Amboy)	1,000
New Jersey Leadership (Summit)	1,000
Monmouth County Campaign	
Bert Riffenberg, No. Middletown	1,000
Republican Women of the 90's	600
Passaic County Dem. Com.	500
Union County Dem. Com.	500
Essex County Dem. Com.	450
Republican Victory 89 (Denville)	<u>450</u>
Total	\$24,500

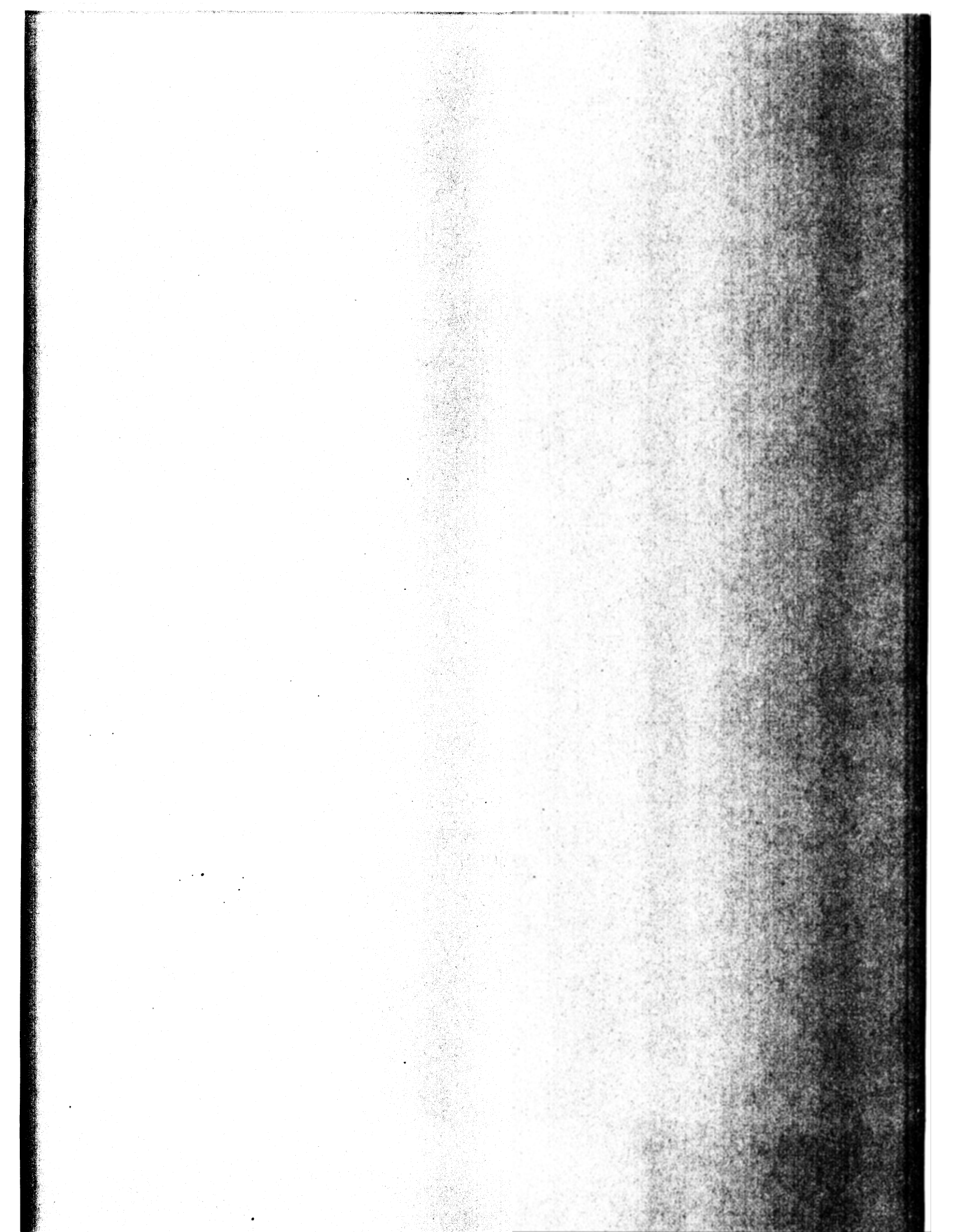
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COMMENTARY

It is apparent that there is a relationship between the size of campaign contributions and the voting pattern on this bill. This analysis does not conclude or presume that the relationship is causal.

Also, it can be observed that all Legislators receiving large contributions (over \$1,500) voted in favor of the measure.

Whether the example in this Appendix represents a system of incentives, rewards, recognition, or pure coincidence is subject to differing opinions. It is clear, however, that a "perception problem" can be ascribed to this set of data.



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