



Governor Phil Murphy

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Newark, N.J.

Governor Murphy Strengthens Legislation Requiring Disclosure by Independent Expenditure Committees

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Governor's Conditional Veto Eliminates Loopholes, Expands Scope of State's Pay-to-Play Laws, and Requires Disclosure for Tax Credit Recipients

TRENTON – Today, Governor Murphy conditionally vetoed S1500 (Singleton, Greenstein/Zwicker, Benson, Sumter), returning the bill to the Legislature with recommendations to strengthen disclosure requirements, eliminate loopholes, expand the scope of the State's pay-to-play laws, refine provisions to more closely apply to election activity, and subject entities receiving or transferring more than \$25,000 in tax credit subsidies to the New Jersey Election Law Enforcement Commission's (ELEC) contribution disclosure requirements.

"Strengthening disclosure requirements will help bring greater transparency to the work of government and enhance public trust in the political process," **said Governor Murphy**. "Sadly, S1500, as currently written, falls short of that goal. The bill contains egregious loopholes that fail to create reasonable and consistent disclosure standards across the board. As a result, I am conditionally vetoing the legislation to make it stronger – eliminating loopholes, expanding the scope of the State's pay-to-play laws, tying certain provisions more closely to election activity, and subjecting the recipients of large-scale tax credits and other subsidies to ELEC disclosure requirements. I call on the Legislature to join me in strengthening these disclosure requirements and bring heightened transparency to the work of government."

"Governor Murphy's conditional veto provides a mulligan for the Legislature to get dark money disclosure right. The Legislature's haste provided a set of unintentional loopholes and consequences that would have created constitutional challenges," **said Doug O'Malley, Director of Environment New Jersey**. "This legislation would have created a chilling effect on the impact of citizen organizations to engage in lobbying decision-makers and agencies as well as voter registration drives. Governor Murphy gets this right -- you can disclose dark money in our electoral process without kneecapping citizen based lobbying organizations."

"We applaud Governor Murphy for fixing the poorly written "Dark Money" bill with many improvements, including ensuring every day New Jerseyans who are serving their communities in elected office don't have to choose between serving their communities and what they do for work," **said Ed Potosnak, Executive Director of the New Jersey League of Conservation Voters**, a statewide environmental 501(c)(4), and a member of his local Board of Education.

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Highlights of the Governor's conditional veto include:

Closing Loopholes –

- S1500 contained a loophole allowing independent expenditure committees to exempt themselves from the provisions of the bill merely by coordinating certain activities with a candidate. Since 501(c)(4)s are permitted to have limited interaction with candidates, they can easily circumvent the requirements of the bill. The Governor's conditional veto closes that loophole.
- S1500 does not apply to LLCs or other corporate forms. This creates a loophole whereby a group can avoid registering and disclosing as an independent expenditure committee if it uses a corporate form to make independent expenditures. The Governor's conditional veto applies the registration and disclosure requirements to LLCs and other corporate forms.

Refining Scope of Legislation to More Closely Link to Electioneering Activity and Pass Constitutional Muster –

- S1500 requires the disclosure of amounts contributed or expended to influence legislation or regulations. This provision is more expansive than the disclosure laws of most states and of the federal government. Because this provision does not concern "election activity," the disclosures required may be beyond the scope of disclosure permissible under the U.S. Constitution. The Governor's conditional veto deletes references to legislation or regulations.
- S1500 subjects a very broad range of expenditures to disclosure, including amounts expended on voter registration drives and get-out-the vote efforts. The Governor's conditional veto makes such expenditures subject to disclosure only when a group is participating in electioneering activity. The conditional veto defines electioneering activity to mean an expenditure exceeding \$10,000 made within 60 days of an election targeted at an audience participating in the election.

Eliminating Public Office Holders Provision –

- S1500 prohibits public office holders from establishing or participating in the management or control of an independent expenditure committee. The Governor's conditional veto deletes this restriction.

Expanding State's Pay-to-Play Laws –

- The Governor's conditional veto adds independent expenditure committees to the State's pay-to-play laws. The conditional veto requires any business entity that has received \$17,500 or more in the aggregate through contracts with a public entity to disclose all contributions made by the business entity to independent expenditure committees.

Subjecting Recipients of Large-Scale Tax Credits and Other Subsidies to ELEC Contribution Disclosure Requirements –

- The Governor's conditional veto subjects the recipients of certain economic development subsidies and entities receiving or transferring more than \$25,000 in tax credits to ELEC's contribution disclosure requirements.

A copy of the Governor's conditional veto may be found [here](#).

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