

COMMISSION MEETING

before

AD HOC COMMISSION ON LEGISLATIVE ETHICS AND CAMPAIGN FINANCE

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

August 8, 1990
Room 334
State House Annex
Trenton, New Jersey

COMMISSION MEMBERS PRESENT:

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

ALSO PRESENT:

Marci Levin Hochman
Assistant Counsel
Office of Legislative Services

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

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Meeting Recorded and Transcribed by
Office of Legislative Services
Public Information Office
Hearing Unit
State House Annex
CN 068
Trenton, New Jersey 08625

New Jersey State Library

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New Jersey State Legislature

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Senator
Donald T. DiFrancesco
Senator
Thomas J. Deverin
Assemblyman
Garabed "Chuck" Haytaian
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Speaker of the
General Assembly

M E E T I N G N O T I C E

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

FROM: ALAN ROSENTHAL, CHAIRMAN

SUBJECT: COMMISSION MEETING - August 8, 1990

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

The Ad Hoc Commission on Legislative Ethics and Campaign Finance will
hold its next meeting on Wednesday, August 8, 1990 at 9:30 a.m. in Room 334
of the State House Annex, Trenton, New Jersey.

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

Issued 7/30/90

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(MEETING OPENS AT 9:47 a.m.)

DR. ALAN ROSENTHAL (Chairman): Why don't we get underway. I think this is going to be a full meeting and we may run over a little bit. Senator DiFrancesco is in Nashville at the NCSL meeting, and Senator Orechio, I presume, will be coming. Shall we call the roll?

MR. PARISI (Committee Aide): Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Here, not in Nashville.
(laughter)

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Here.

MR. PARISI: Senator DiFrancesco is in Nashville. Senator Orechio? (no response; Senator Orechio enters later) Tom Stanton?

MR. STANTON: Here.

MR. PARISI: Pat Sheehan?

MS. SHEEHAN: Here.

MR. PARISI: Michael Cole?

MR. COLE: Here.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Here.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Here.

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

DR. ROSENTHAL: Let me just discuss what the Commission's schedule looks like, and what I'd like to do if it meets with the agreement of the members of the Commission. We will be considering the campaign finance issues at this meeting, and perhaps we will be finishing up our discussions of contribution limits, disclosure, transfers of funds, and the other matters. If we do not finish up, what I would like to do

-- we'll do that at the end of the meeting -- is schedule a meeting for next Wednesday, if that can be done.

We'll have to have a number of meetings on ethics, conflicts of interest, and so forth in September. And what I would propose would be the following: I would propose, number one, to hold these meetings at 1:00 instead of 9:30 on Wednesday; 1:00 on Wednesday. The reason for that, I am sorry to say, is that I have a graduate seminar scheduled that I'm teaching that's been scheduled, you know, about a year in advance, and I never knew this would come up.

MR. STANTON: That's when, in September, Al?

DR. ROSENTHAL: What?

MR. STANTON: That's in September?

DR. ROSENTHAL: Yeah. On August 22nd we will have our first meeting assuming the, you know, we can finish up the campaign finance. On August 22nd, we would have our first meeting on ethics and conflicts of interest. And I would suggest that that meeting be a general discussion of the subject. On September 5th-- That August 22nd meeting would be at 9:30, the same schedule. On September 5th I would suggest we meet at 1:00 in the afternoon and on September 12th as well, and that both of these meetings we try to reach agreements on ethics and conflicts of interest. That would give us two meetings to try to reach agreements on those subjects.

ASSEMBLYMAN HAYTAIAN: Alan?

DR. ROSENTHAL: Yes, sir.

ASSEMBLYMAN HAYTAIAN: The 22nd causes me a problem. I have a trip down to Tampa. I have to take my son back to school. Is there any chance that the Commission would agree that we could have that meeting -- I don't want to miss that meeting -- on the 29th instead? Is there any problems?

DR. ROSENTHAL: Any objections to that? I have--

MR. COLE: Yeah, I can't make it the 29th.

MR. STANTON: Well, wait a minute, are we talking about the 29th of August?

DR. ROSENTHAL: August 29th.

ASSEMBLYMAN HAYTAIAN: And then follow it up with the 5th.

MR. STANTON: Well, wait a minute, we have one scheduled for the 22nd right now.

ASSEMBLYMAN HAYTAIAN: That's the one I have to miss because I have to take my son back to school.

DR. ROSENTHAL: Can we reschedule the 22nd?

MR. STANTON: Reschedule that to the 29th. Oh, I see.

DR. ROSENTHAL: Is there any other date that-- You're not going to be back by Friday?

ASSEMBLYMAN HAYTAIAN: I'm leaving on Saturday -- Friday or Saturday -- and coming back on Thursday. I'm driving down, so--

ASSEMBLYMAN DEVERIN: You're talking about August?

DR. ROSENTHAL: You're coming back Thursday late, or early morning Friday.

DR. ROSENTHAL: What about a Friday meeting, does that sound good? How would Friday be with members of the Commission?

MR. STANTON: It's all right with me.

MS. SHEEHAN: I could make Friday.

ASSEMBLYMAN DEVERIN: Friday is okay with me.

DR. ROSENTHAL: That would be Friday the 24th.

MR. STANTON: The 24th.

MR. COLE: At 9:00?

DR. ROSENTHAL: Okay, instead of Wednesday the 22nd; Friday the 24th at--

ASSEMBLYMAN DEVERIN: That will be in the morning though.

DR. ROSENTHAL: 9:30. Yeah.

MR. STANTON: That's done now?

DR. ROSENTHAL: Good.

ASSEMBLYMAN DEVERIN: Friday the 24th.

ASSEMBLYMAN HAYTAIAN: Now all I have to do is be late, and miss the Friday -- and cause you people to-- I'm sorry, but that's my schedule.

DR. ROSENTHAL: No, no, it's no problem. No problem. It just prevents me from taking my usual five-day weekend, but it's a sacrifice I'll have to make.

MR. STANTON: I do want to tell you, Mr. Chairman, that I am leaving on a month's trip to the Orient on the 17th of September, so--

DR. ROSENTHAL: Of September?

MR. STANTON: Yeah, that's been scheduled for a long time. So, we'll have three meeting on the ethics and conflicts of interest by then so we ought to be able -- I'd be able to express some--

DR. ROSENTHAL: We may, if the legislative budget would allow, we could meet in the Orient the last two times.

MR. STANTON: Good. Well, my son works in Beijing and I'm going over for the Asian games when the army and the police are going to be on their best behavior.

MR. COLE: Alan?

ASSEMBLYMAN DEVERIN: I'm going to my ship's reunion on the 19th of September to the 25th.

DR. ROSENTHAL: That wouldn't interfere with that. Let me just get through this. Yes, sir?

MR. COLE: Yeah, August 24th, I'm not going be able to make it. I'll be in New York.

DR. ROSENTHAL: There's nothing-- Oh, that's the Friday.

MR. COLE: That's the Friday. I'm going to be in New York at 10:00, so I don't think there's any way I could possibly be back.

DR. ROSENTHAL: Well, can we-- Let's try to reschedule that meeting again. August 24th-- Well, an afternoon meeting, would that be possible?

MR. COLE: I could probably be here by 1:00.

DR. ROSENTHAL: Could we do a 1:00 Friday?

ASSEMBLYMAN HAYTAIAN: That would be better for me in case I'm late.

DR. ROSENTHAL: Let's do 1:00 Friday, August 24th. That will get us into the afternoon mode. So, basically on the 5th and the 12th, hopefully we will be able to reach agreements, those of us who are here, on the ethics part of it. We will not meet again until the 26th. By that time we should have the draft report that staff will draft. That will be a report including the recommendations that we have arrived at.

MS. SHEEHAN: September 26th?

DR. ROSENTHAL: At the meeting on the 26th we will then review -- we will review in advance-- You will get the draft report in advance, and at the 26th meeting we will, you know, agree finally to the Committee report.

MS. SHEEHAN: Is that a 1:00 p.m.?

MR. COLE: Is that meeting going to be a 1:00, Alan?

DR. ROSENTHAL: A 1:00 meeting.

MR. COLE: I have a 4:00 Legal Services board meeting, so I'll have to leave here about 3:30 probably.

DR. ROSENTHAL: We ought to do it-- The meetings will run from 1:00 to 3:30 -- 1:00 to 3:30 -- so we ought to be able to do that. Now, it's conceivable-- Just mark on your calendar, it's conceivable we might also need October 3rd for a meeting because Marci will not have a heck of a lot of time to draft the ethics part of the report. She may be able to draft it in time for the October (sic) 26th meeting, but just in case, put down October 3rd.

MS. HOCHMAN: Gee, the pressure is surely on me now.

DR. ROSENTHAL: And I will be that she doesn't get the report done for that October (sic) 26th meeting, if anybody wants to bet on this.

MS. SHEEHAN: Could we just run through those one more time?

DR. ROSENTHAL: Okay.

MS. SHEEHAN: August 24th, at 1:00.

DR. ROSENTHAL: At 1:00.

MS. SHEEHAN: Then we've got--

DR. ROSENTHAL: September 5th--

MS. SHEEHAN: --five and 12 at 1:00.

DR. ROSENTHAL: --at 1:00. September 12th at 1:00 to 3:30. September 26th, 1:00 to 3:30. And October 3rd, if we need it, 1:00 to 3:30.

MS. SHEEHAN: Now, what about August 15th, that's a--

DR. ROSENTHAL: August 15th, we'll see at the end of this meeting. If we get through the agenda we don't have to, you know, have another meeting on campaign finance. And if we don't, we'll arrange it at the end of this meeting. You know, whatever suits members. I take it from your reaction, Mike, you can't make the 15th.

MR. COLE: I can't make the morning.

DR. ROSENTHAL: Well, we'll switch it around. We'll see if it's necessary. The staff has been doing some work in terms of clarifying what we were discussing and agreeing to at the last meeting. And I think a good way to begin this meeting is with Frank Parisi to just review where we were and what we agreed to, and then get into some clarification of terms. And we left off in a discussion, and deciding on contribution limits. And as we get through the clarification of terms we can go on to continue our discussion of contribution limits, and then get into a discussion of disclosure, basically. So Frank, do you just want to review in the minutes that we all have what we have agree to so far?

MR. PARISI: Okay. I trust that each of you has received a copy of the summary of the minutes of the last meeting. I'll just go over them again briefly.

The first issue that was decided was that public financing of legislative elections was not going to be recommended. And the feeling was that the program was too expensive, especially during a period of financial crisis, and that the states which now have the program have found that it has not been as successful as they had hoped it would have been. Several of the members noted that while they were voting against it at this time, they thought that it was probably worthwhile and it deserves some future study.

The second topic that was taken up was the issue, in general terms, of contribution limits. All of the members favored contribution limits of some type.

Discussion then turned to trying to focus in a little bit more on campaign contribution limits; in particular, the question of aggregate limits. That provoked quite a bit of discussion and the decision was, by a majority vote, against voting for aggregate limits on what an individual, or political action committee, or corporation, or union could give to a legislative candidate.

During that discussion the question of aggregate limits on campaign-- During that discussion there was a question of whether or not to recommend that the State ban direct contributions from corporations and labor unions. And the members agreed that this practice had not been proven meaningful or effective, and therefore should not be considered in New Jersey.

The discussion then moved on to contribution limits on individuals, corporations, and PACs. The Commission voted unanimously to recommend that there be a limit of \$1500 on the amount that may be contributed per election to a candidate by individual, corporation, union, or other group other than a political action committee; and two, that there be a limit of \$5000 on the amount that may be contributed per election to a candidate by a political action committee.

At the same time there was the feeling that there should be no limit on the overall -- because there were no aggregate limits -- on the overall number or amount of contributions that an individual, corporation, union, or political action committee can make per election.

The next issue was limits on contributions to party committees. By majority vote, there again, the Commission voted in favor of the concept of limiting contributions that would be given to State, county, municipal, and legislative committees. When the meeting adjourned, as the Chairman said, the members were discussing whether or not to recommend the contribution limit of \$15,000 on the amount that may be given by an individual or a political action committee per year to each State, county, or municipal political committee, and what types of political committees should be bound by the limit.

That in summary is what took place last week.

DR. ROSENTHAL: Now, do you want to clarify the different committees that exist? And if you take a look at the memorandum Frank dated August 8th, and also the tabular material, you can get an idea of this discussion and the complications. In the table what each entity can give, and from whom to whom, the amounts indicated. The amounts indicated on the table are the amounts that we as a Commission have tentatively decided on so far. The amounts reflect our deliberations and our agreements, and not the standards of law or anything else.

Okay, why don't you take us through the clarification of committees that (word indiscernible) the funds.

MR. PARISI: This memo was prepared in conjunction with the staff from the Election Law Enforcement Commission, in particular, Greg Nagy for whom I am indebted. Thank you.

Basically the idea here is that to try to clarify the different kinds of committees which are involved in political activity. And under current law there are basically three

kinds. The first would be a candidate committee, and what is meant by that is if I, as an individual, decided to run for elected office this would be my committee as an individual.

This is not defined specifically in current law, but as I said, it is an entity formed by an individual candidate for the purpose of raising money on behalf of paying the bills of that candidate. This kind of committee is required to file cumulative reports with ELEC on the 29th and 11th days before an election, 20 days after the election, 60 days thereafter that election, until all campaign debts and surplus funds have been dissolved.

And such a committee must also notify ELEC within 48 hours of receipt of a contribution of more than \$250 received during the period of 13 days before the election. And the example which is given here would be Joe Jones for General Assembly. This is just Mr. Jones who's running as a candidate for the General Assembly.

The second kind of committee is what is known as a political committee or in the parlance of campaign finance, a PC. This is defined specifically in law, and it is defined as "any group of two or more persons acting jointly to aid or promote the nomination, election, or defeat of any candidate for public office in any election which raises or expends \$1000." This type of a committee is established to receive contributions for and pay the expenses associated with only one election. And this has similar kinds of filing requirements as a candidate committee; that is, it has to file on the 29th day and the 11th day before an election on the 20th day after and election, and at 60-day intervals thereafter if not immediately disbanded. The example given is the "Committee to Elect Candidates 'X' and 'Y.'" That again I would emphasize this is the kind of committee which is for one election only. It's not elections over time.

The third type of a committee called in law a continuing political committee, or again by its initials, a CPC, is a continuing political committee. This is what is usually known as a PAC. The current law defines a political continuing committee as-- It basically breaks the definition into two. The first part is, the State committee or any county or municipal committee or political party. And the second type is any group of two or more persons acting jointly to aid or promote the nomination election or defeat of any candidate of a public office in any election, which in any calendar year contributes or expects to contribute at least \$2500 to the aid or promotion of the nomination, election, or the defeat of any candidate in any election. And it may be expected to make contributions towards such aid or promotion during a subsequent election. That's the key thing: During a subsequent election.

Continuing political committees must file on somewhat of a different basis. They have to file on a quarterly basis with reports due on April 15th, July 15th, October 15th, and January 15th. Contributions in excess of \$250 received before the election and after the final day of a quarterly reporting period must be reported to ELEC within 48 hours of their receipt.

And ELEC regs permit a CPC to file a cumulative report on the eleventh day prior to the election, all contributions in excess of \$250 received after the final day of the quarterly reporting period, and up to that eleventh day.

There are some specific examples which are given: A special interest PAC, which is a noncandidate, nonparty CPC, such as the NJEA or the New Jersey Dental PAC; a corporate PAC, ABC Corporation PAC, or a union PAC began to be a noncandidate, nonparty CPC which is controlled by the management or certain employees of the corporation or the union.

"Friends of Candidate 'X' or candidate Jones or Smith" would be a CPC under the control of a candidate which serves as

the repository for surplus funds of that candidate and the account for additional contributions to the candidate for future campaigns.

And d) would be what we usually call -- what's been called here as a leadership PAC which is a CPC controlled by the majority or minority leadership of one of the houses of the Legislature such as the Assembly Republican Majority Committee which makes contributions or pays some of the expenses of legislative candidates in more than one election.

Separated out of this group, as noted here, are the State, county, and municipal committees of a political party such as the Democratic State Committee or the Republican State Committee. They are, by definition, continuing political committees.

I hope that clarifies things a little bit and if there are any questions I will be happy to ask -- or Dr. Herrmann, if he has anything to add I'd be glad to hear it.

F R E D E R I C K M. H E R R M A N N, PH.D.: That's pretty complete.

DR. ROSENTHAL: Let me just say that one thing that occurred to me in the light of the agreements we arrived at a couple of weeks ago is that I believe that our agreement was that an individual corporation, labor union, should be permitted to give a candidate in each election, primary and general, \$1500, and that a PAC be permitted to give a candidate \$5000.

Now I want to clarify that since a legislator, an incumbent legislator can have two committees-- Is that correct? Incumbent legislator can have a candidate or campaign committee and also a PAC.

ASSEMBLYMAN HAYTAIAN: Could have more than that--

DR. ROSENTHAL: Could have more than that.

ASSEMBLYMAN HAYTAIAN: --if they so desire. That's normally what they have.

DR. ROSENTHAL: But the sense-- As I take it, the sense of our Commission is that the candidate for each election can only get a contribution of \$1500 from each individual.

In other words, Chuck Haytaian cannot establish five committees and get five contributions from me.

ASSEMBLYMAN HAYTAIAN: That's correct.

DR. ROSENTHAL: That is the sense. If that is the sense, is it possible to require that a legislator or a candidate have only one committee, whether that be a candidate committee or a PAC? Is there a problem with limiting that?

ASSEMBLYMAN HAYTAIAN: Let me tell you where the problem comes in.

DR. ROSENTHAL: Okay.

ASSEMBLYMAN HAYTAIAN: It comes in in reporting, because when you get into that the continuing political actions committees are on a quarterly basis. The elections are a 29, 11, 20-day-after, 6 days. You then have to have two sets of reporting so that one committee that may take part in an election, and may not, will have to then start getting into a campaign mode in every year, and that's where the problem comes in. Now, if we can do something with the reporting, then I think we can do that. I think that it would work for the candidates. But the way it's going at the present time-- First of all, it's confusing at best to most people, and it causes a lot of concern amongst elected officials, at least it does for me.

DR. ROSENTHAL: Well, can't Fred-- Pat?

MS. SHEEHAN: I think that the Assemblyman is correct, that part of the problem here is a perception. And if we have this so fine-tuned that-- I mean, I found this very, very confusing. I agreed, or at least I thought I agreed, with what you just said now: that our sense was \$1500 per person, per candidate. And it really wasn't until the last meeting that I understood that the legislators had not only a campaign

committee, but what I think of as a PAC, and actually the flexibility to have three or four more committees. When you take a step back and look at this from the perspective a) of the public, or b) of the entities that have to report, instead of aiding disclosure, we've darkened the thing and murkied it so that nobody knows what's going on, or nobody knows what is required. And I think that's a problem.

DR. ROSENTHAL: And that's why if it is workable, I would like to see a legislator or a candidate with one committee. I think it would clarify it somewhat. I know there is always going to be ways of going around it. Let me just ask Fred a second:

Fred, is it possible to meet Assemblyman Haytaian's problem with kind of unifying reporting requirements or, you know, even simplifying reporting requirements if there is only one committee?

ASSEMBLYMAN DEVERIN: One other thought--

ASSEMBLYMAN HAYTAIAN: Before you-- Yeah.

ASSEMBLYMAN DEVERIN: For instance, not everybody has more than one. I think if you took-- The majority of candidates have one.

DR. HERRMANN: That's probably correct. The majority probably has one.

ASSEMBLYMAN DEVERIN: Big majority.

DR. HERRMANN: Yeah.

ASSEMBLYMAN DEVERIN: Just a handful have two.

DR. ROSENTHAL: Fine.

ASSEMBLYMAN DEVERIN: So one would probably be the better. The only problem is if we limit-- For instance, if I want to give Pat \$500 for her campaign, that I'd be allowed to take that from my fund and give it to Pat, and I don't think that--

DR. ROSENTHAL: We're not touching that now. In other words, we're not talking about transfers and I would agree that--

ASSEMBLYMAN DEVERIN: One would have to have something to do with the other. If you just have one committee then you should--

DR. ROSENTHAL: Right, one committee really so that there is some clarity in the idea that you can give \$1500 to a candidate per election, and not to all the--

MR. BURSTEIN: I move that you allow Fred to answer your question. (laughter) And then after he's finished I'd like to say something.

ASSEMBLYMAN DEVERIN: You're always making those crazy motions.

ASSEMBLYMAN HAYTAIAN: Alan, before you do that, I think--

DR. ROSENTHAL: Fred said it would be-- Didn't he say it was possible?

ASSEMBLYMAN HAYTAIAN: Alan, no he didn't. We interrupted him. And I think it has to be said here that ELEC is the organization that has indicated to candidates that they should have two. They should have the political -- if they do have one -- continuing committee, and then when they become a candidate to go into the campaign mode. That's what they tell the party committees to do. So you're asking the question to the person who gives the directive, and says that's what we're telling you to do. Correct?

DR. HERRMANN: Well--

MS. SHEEHAN: You're on.

DR. HERRMANN: Thank you.

ASSEMBLYMAN DEVERIN: Hurry up Fred, sneak it in there.

DR. HERRMANN: Yeah, I'll get it in. Well, currently candidates have individual committees. As Mr. Deverin said most of them do. Some have more. The way it works to the average, typical candidate is he or she would have to report two times before the primary, one time after the primary, two

times before the general, and one time after the general. That's the 29-day report, the 11-day report, and the 20-day post--

Then what the candidates have to do under current law, they continue to have money to spend, but they have to report to us every 60 days. We have suggested for years to the Commission that those 60-day reports become quarterly reports. So, in a sense, if that were to happen then you would be turning these individual committees, basically, into quarterly committees after the election.

Now I think the issue that Mr. Haytaian is raising, and it's a good one, is that if-- What we're envisioning at the Commission: Let's say you were running for the Senate; that is you started raising money two or three years before the election that you would report to us quarterly, to the public quarterly where you got your money and how you spent it. The problem though may be that, let's say I'm running for the Senate, but I decide to give to some other candidates in an off-year. That would push me into the--

ASSEMBLYMAN HAYTAIAN: There you go.

DR. HERRMANN: --election cycle. I'd have to report 29 days before the election, 11 days before and 20 days after.

ASSEMBLYMAN HAYTAIAN: And 48-hour reports.

DR. HERRMANN: Yes. Now I think we can though-- Again, we're tailoring new legislation here, and new statute. I think we could get around that somehow by perhaps setting up some kind of a maximum. If you don't spend more than say \$5000 in an off-year election, you can continue reporting quarterly; something along those lines so we don't get a convoluted system. But I think that it's doable. I think we can design something in which candidates would have one entity that would usually report on a quarterly cycle, but then in the big campaign year would revert to an election cycle.

ASSEMBLYMAN HAYTAIAN: All right, Fred, what happens-- Mr. Chairman, what happens if you're reporting quarterly, and it's April 1st, July 1st, October 1st. Now October 1st in a nonelection year -- I believe it's October, probably, 10th is 29 days before. So now you report quarterly on October 1st and now you have to report on the 29-day, then the 11-day, then the 20 day after, and then January 1st again.

DR. HERRMANN: Right, well-- (laughter)

ASSEMBLYMAN HAYTAIAN: I mean, that's what you have to do. I mean, you have to understand. This has now become a bookkeeping system. And it's not disclosure, it's not enforcement, but it put all of us in a situation where you make one error that is not deliberate and you're hung. You're hung in the media, you're hung everywhere, and that's wrong. That really is wrong.

DR. HERRMANN: Well--

ASSEMBLYMAN DEVERIN: We can't-- Can't we change it. If I have one committee, and it's Tom Deverin for Assembly Committee I can report quarterly, on the off-year, and beginning January 1st of an election cycle. I report every 60 days of the 29th report, and so forth, and so on. We can change that.

DR. HERRMANN: That's a good point, Assemblyman. We have-- There's various bills in, I believe Senator Lynch is a sponsor of one, Assemblyman Schluter, a few others that have language that deals with the situation when you're transitioning to the 60-day to the quarterly, and the language-- It's convoluted language but it does the job. Basically what it says is you don't create a situation where you have a 20-day report and then two days later it's your quarterly.

ASSEMBLYMAN HAYTAIAN: You have a quarterly report.

DR. HERRMANN: Yeah, you don't do that. So it says that-- And there's language that covers that, to make sure that

the reporting is spaced out so we don't have a situation where, "Gee, it's Wednesday I guess I better report again, but didn't we just report Monday? Yeah." We don't want that.

ASSEMBLYMAN HAYTAIAN: And now you've got a fine staring you in the face because you're two days late.

ASSEMBLYMAN DEVERIN: Well, you know, there's--

DR. HERRMANN: We're not going to do any-- We wouldn't suggest that.

ASSEMBLYMAN DEVERIN: There's nothing terribly wrong, is there Fred? For instance, it's a four- and a two-year run for the Assembly and the Senate. That if an election year for the Assembly is 1993 and the Senate doesn't run in 1993, that if they're going to collect funds for the election they could make the same reports as the Assembly. Whatever days the Assembly makes important, they can make important, if there are transfers in there over a certain--

DR. HERRMANN: Well, and that's a good point, I think, in terms of administering something like that since we have the reports coming in, it would be relatively easy to administer.

ASSEMBLYMAN DEVERIN: So, that at least we know-- At least the disclosure-- Do you follow me, Al? For instance, if you're the Senator--

MR. BURSTEIN: All the time. I've always followed you, Tom.

ASSEMBLYMAN DEVERIN: That's what I'm afraid of.

DR. ROSENTHAL: Al, did you have a question? Yeah, you had a--

MR. BURSTEIN: Well, I wanted to come off this recording requirement, because I think that that's something that can be worked out mechanically. It's not an unsolvable situation. But listening to your elaborations, Mr. Chairman, of what you felt was the consensus about our last meeting discussion, and the idea that there should only be, perhaps,

one candidate committee rather than two or several, or what have you. I thought that the logic of your depression would bring you back to the suggestion that I made unsuccessfully last time, that we take a serious look at aggregating the limits per contributor. This is something, as Fred Herrmann has pointed out to me this morning, not unknown in the field of campaign contribution limitations, and it's on the Federal level, I believe--

DR. HERRMANN: Yes.

MR. BURSTEIN: --as it presently exists. So, it is not a system that is strange to this general area.

And again, I don't want to open up-- Yes, I do want to open up the issue again, because -- as I speak it through -- because I think that if we talk in terms of focusing upon the source of the dollars, which is really the focal point of all our discussions, that it could be manageable. I realize that there are ways of getting around every rule. But that it would be manageable to put the limitations on the source, dollar limitations in the aggregate so that John Jones can't make 60 different contributions to Assembly and Senate races of the limits that we are talking about, but which could aggregate into a large sum, meaning, at bottom line, inordinate influence that we're trying to avoid.

I throw that out for whatever it's worth, but, again, I don't ask for a revote on that same issue. I used to in the Legislature.

ASSEMBLYMAN DEVERIN: I don't have any trouble with that, if I knew what an aggregate would be. If there are 40 districts, the guy ought to give \$1500 in each district or \$1500 between the whole 40 districts.

MR. BURSTEIN: Well, it would have to be on an election cycle basis for all candidates.

ASSEMBLYMAN DEVERIN: Yeah, I know that, but what is the maximum?

MR. BURSTEIN: Well, those dollars-- Those were issues that we had asked Fred to come up with numbers on.

DR. HERRMANN: Yes.

MR. BURSTEIN: So that we get some feel of what would be a reasonable number.

DR. HERRMANN: The Federal limit currently, is done by calendar year, and it's \$2500. So, an individual may give to each candidate \$1000. That's the contribution limit. The national committee and other party committee limits are higher, and then there's an aggregate, for the entire calendar year, of 25,000.

ASSEMBLYMAN DEVERIN: Per individual?

DR. HERRMANN: Per individual, that's right.

ASSEMBLYMAN DEVERIN: That's the best I could give to a congressman.

MS. SHEEHAN: And PACs are what?

DR. ROSENTHAL: What about a PAC limit? What's the PAC--

DR. HERRMANN: It's 5000. It's any other political committee. Determined at the Federal level is a separate segregated fund. I mean we--

DR. ROSENTHAL: And what's the aggregate there?

DR. HERRMANN: Well, \$25,000 is for you and everybody, right?

G R E G O R Y E. N A G Y, ESQ.: Right, but they can give-- There's no limit on what they can give.

DR. HERRMANN: Oh, I think they're talking about what they can receive.

MS. SHEEHAN: There's no limit--

DR. HERRMANN: Were you asking what they can give or receive?

DR. ROSENTHAL: What can a PAC give?

DR. HERRMANN: Oh, what can a PAC give: \$5000 to each candidate -- they call them multi-candidate committee, and

there's a definition of that. But it's basically what we're calling a PAC: 5000 to each candidate, 15,000 to the national party committee per calendar year, 5000 to any other political committee, and then there's no aggregate limit for a PAC.

MS. SHEEHAN: There's no aggregate.

DR. ROSENTHAL: There's no aggregate, no aggregate.

DR. HERRMANN: No, the aggregate only applies to individuals.

MR. STANTON: No, that's Federal, Fred, or is that--

DR. HERRMANN: That's Federal.

MR. STANTON: Okay.

ASSEMBLYMAN HAYTAIAN: Mr. Chairman, a question could be asked here: Are we playing on a level playing field with incumbents and candidates? If we had that aggregate limit, wouldn't a person who wants to donate, is going to donate to incumbents rather than go to candidates on an aggregate limit. I mean, what's the experience there?

I would think, just from the top of my head, we're talking about helping incumbents, and I thought we were reforming the system, or trying to.

DR. HERRMANN: Well, the Federal--

DR. ROSENTHAL: There is no doubt that the Federal system gives the incumbent some advantage because the--

ASSEMBLYMAN HAYTAIAN: Sure, take a look at 50 years of one party in Congress.

DR. ROSENTHAL: --because the PACs give about two-thirds--

ASSEMBLYMAN HAYTAIAN: Absolutely.

DR. ROSENTHAL: --or more, of their money to incumbents, and the PACs are unlimited in terms of an aggregate, and individuals are limited. I mean, most systems help incumbents.

MR. BURSTEIN: That's apparent in the system.

DR. ROSENTHAL: I mean, since incumbents enact these systems.

ASSEMBLYMAN DEVERIN: Especially if you're doing a good job, though. (laughter)

DR. ROSENTHAL: And especially if you're doing--

DR. HERRMANN: I don't think you can single out this provision and say that this was leading to incumbency protection all by itself. I mean, it's much more complicated than that.

DR. ROSENTHAL: No, no, I think a lot of things--

ASSEMBLYMAN HAYTAIAN: Yeah, but hasn't there--

DR. ROSENTHAL: --help incumbents, but I do think that the not having a limitation on PACs, given PAC giving which we know about which goes at least two thirds to incumbents, definitely helps incumbents.

ASSEMBLYMAN DEVERIN: Can I ask--

ASSEMBLYMAN HAYTAIAN: Mr. Chairman, don't we look at the Federal experience? I mean, that's what has happened. Are we going to stick out head in the sand and say, "Oh, no, that doesn't happen"? It's happened.

DR. ROSENTHAL: Well, are you--

ASSEMBLYMAN DEVERIN: It isn't only because of--

DR. ROSENTHAL: Assemblyman, are you arguing against Al's suggestion--

ASSEMBLYMAN HAYTAIAN: Well, sure I am.

DR. ROSENTHAL: --for aggregate limits?

ASSEMBLYMAN HAYTAIAN: Well, yeah, because I think what it does is exactly what the Federal has done in the last 50 years. We have experience in that, and I'm not quite sure where we're going. If we're going to do the same thing in the State of New Jersey, then what we're advocating is what's happened on the Federal level, and we see that that system doesn't work.

ASSEMBLYMAN DEVERIN: The Federal level is different than the State level. I mean, no sense kidding yourself, it

isn't the money that makes the incumbent stronger, it's the franking privilege, it's the publicity, it's the office, it's the staff. It's everything else that makes the incumbents-- Money is maybe part of it, but the big part of it is the franking privileges, and the constituency offices. They can have three or four offices. Statewide, I sort of agree with you. But my question to you, Al, is do you agree that it should only be limited to individuals? The aggregate figure, should it be limited to individuals, corporations, and PACs?

MR. BURSTEIN: I think the limitation ought to be across-the-board, absolutely.

DR. ROSENTHAL: Well--

MR. BURSTEIN: As a matter of fact, doesn't the present pending Federal legislation contemplate contribution limits on PACs, Fred?

DR. HERRMANN: Well, there's--

MR. BURSTEIN: The one that has not yet passed--

DR. HERRMANN: Yeah.

MR. BURSTEIN: --both houses and gone to the President.

DR. HERRMANN: There are a lot of bills I'm sure that among the bills being considered that sort of--

DR. ROSENTHAL: Well, the ones they passed. They passed in the House and the Senate.

MR. BURSTEIN: Yeah, they just passed very recently. Yes, I think there are limits built in.

MS. SHEEHAN: They eliminate PACs.

DR. ROSENTHAL: Well, if they're going to a form of public financing to voluntary expenditure limits and then picking up--

MR. BURSTEIN: Well, yeah, that's the expenditure side, but I'm talking about the contribution side.

DR. ROSENTHAL: Well, let me ask you this, Al: It seems to me that aggregate limits is a concept that is only useful if there is a number attached. And what would the

number be if-- I mean, the number is absolutely critical when you're talking about any kind of limit. What would the number be?

MR. BURSTEIN: Well again, when we discussed this at the last meeting I had suggested that it might be useful for us to derive from ELEC's experience what the sprinkling of contributions may have been in past elections, what the sources were, were there any particular sources that were heavier than others to get some feel as to what a reasonable limitation might be suggested. To pick any number would now -- at this point, would be picking it out of the air. I don't know, maybe \$5000 for an individual, maybe 25 for a PAC.

DR. ROSENTHAL: As a total.

MR. BURSTEIN: As a total, that's correct.

DR. ROSENTHAL: In a--

MR. BURSTEIN: In one election.

DR. ROSENTHAL: In a two-year cycle, presumably.

MR. BURSTEIN: Presumably, in a two-year cycle.

ASSEMBLYMAN DEVERIN: Alan, can I ask Mr. Burstein one more question? Al, when you're talking about an aggregate-- For instance, some of the PACs, or some of the groups, special interest groups, besides an individual contribution, say their limit is \$10,000, and they give 10,000, are they then forbidden to set up a "Committee to Elect So Forth" or to put out brochures that their organization -- or to put workers out in the street for you? Is that included in the aggregate?

MR. BURSTEIN: Yes, because I think that that system could work if you take a look at what we do now with respect to the gubernatorial where there have been severe restrictions on other committees, like a State committee, expending money on behalf of a candidate. You've got to be careful that that's not attributable to the candidate. I think that that is a concept that can work.

DR. ROSENTHAL: Now, let me just say, if I'm reading your data correctly, we see that a number of PACs have given 60,000, 70,000, \$100,000 in a two-year cycle. And you're talking about a 25,000 limit.

MR. BURSTEIN: Well, I just picked the number out of the air.

DR. HERRMANN: That was the figure for individuals at the Federal level. That's where \$25,000 came from. So--

MR. BURSTEIN: Yeah, what are you reading from, Alan?

DR. ROSENTHAL: I'm reading from the-- This is in your file.

DR. HERRMANN: It's a printout that we gave to the Committee.

DR. ROSENTHAL: This is the printout. Pardon me.

MR. BURSTEIN: What printout?

DR. ROSENTHAL: Oh, you don't have a copy of it?

MS. SHEEHAN: We didn't get it.

MR. BURSTEIN: Oh, so you're dealing with secret information. Okay.

DR. ROSENTHAL: We've got some information on contributions that Fred supplied, I take it, and I guess I have it, and you don't have it.

MR. BURSTEIN: That's correct.

DR. ROSENTHAL: But here I will-- You'll get an idea of some of the PAC contributions.

MR. BURSTEIN: But I can't show it to any other Commission members, is that the idea? (laughter)

DR. ROSENTHAL: Yeah, Pat?

MS. SHEEHAN: Could we get back to the question with regard to candidates, putting aside for a moment the aggregate limits. It seems to me that the decision on contribution limits to candidates shouldn't be driven by reporting schedules. That we should be able to develop reporting

schedules to respond to what the rule is. And I think that one of the things that we have to really concern ourselves with is what is the open, disclosed way that individuals, or groups, can support candidates, so that the public can know that and that the burden of information and reporting isn't so obscure or so detailed that everybody is drowned in information--

DR. ROSENTHAL: Right.

MS. SHEEHAN: --and nobody really know what's happening. Because you continue then the sense that something is going on out there and you can't put your finger on it--

DR. ROSENTHAL: Well--

MS. SHEEHAN: --because nobody can follow the rules.

DR. ROSENTHAL: I think that's a good idea. I would like to propose to the Commission for a vote that there be -- that each candidate have one committee, whether it's a candidate committee or a political committee or PAC committee. But have one committee, and that the reporting requirements be adjusted to take into account the one committee, and that the contributions be \$1500 or \$5000 per election to each candidate's committee. And I think that will be a step towards simplification.

Now there's another issues here having to do with proliferation that I want to get to too, that I think would help. Yeah?

ASSEMBLYMAN HAYTAIAN: Party committees also? Are we going to get to party committees?

DR. ROSENTHAL: No we're talking about candidate committees.

ASSEMBLYMAN HAYTAIAN: Just candidate.

DR. ROSENTHAL: And then I think we have to get to party committees--

ASSEMBLYMAN HAYTAIAN: That's right.

DR. ROSENTHAL: --which is where the discussion was last week.

ASSEMBLYMAN HAYTAIAN: Right.

DR. ROSENTHAL: We sort of left off on party committees. Yes?

ASSEMBLYMAN DEVERIN: This is an individual running for a State office.

DR. ROSENTHAL: Running for the Legislature.

ASSEMBLYMAN DEVERIN: Legislature, right.

ASSEMBLYMAN HAYTAIAN: Just the Legislature?

DR. ROSENTHAL: Yeah, we're just talking about the Legislature now. I think the Commission might confine its considerations to the Legislature, and the Legislature can broaden the considerations. Gregg?

MR. EDWARDS (Assembly Minority Staff): Alan, if that's the recommendation, I just ask the Commission to deliberate two potential consequences: One is, what does that limitation mean about the establishment of joint committees; and secondly, what does that have to say about this junction between the Federal law and the State law in terms of contributions?

I would suspect on the first issue, most officeholders, not (indiscernible) but officeholders probably in fact don't have one committee, but really probably have two. They have their own and they have a joint committee they operate with someone else.

Secondly, there are officeholders out there, that I know maintain what are called Federal PACs which take only money that can be used in Federal elections. What is the Commission's attitude about the existence of those committees? Are you concerned at all, or should that somehow be pulled into this requirement?

ASSEMBLYMAN HAYTAIAN: To clarify that, those people that have those type of committee -- and I'm not one of them --

they're the pure money, clean money committees, meaning from individuals not corporations, and so that they can then use those PACs to donate to Federal candidates.

ASSEMBLYMAN DEVERIN: I'm not even sure I understand you. You mean there are members of the Assembly or Senate who have Federal PACs?

ASSEMBLYMAN HAYTAIAN: Sure.

ASSEMBLYMAN DEVERIN: What the hell are they doing with a Federal PAC?

ASSEMBLYMAN HAYTAIAN: No, they're not Federal PACs. They're State PACs but they have--

ASSEMBLYMAN DEVERIN: Well, where do they report to?

ASSEMBLYMAN HAYTAIAN: They report to ELEC, but the only monies they put into that that they receive is noncorporate money.

ASSEMBLYMAN DEVERIN: Yeah, but they could give it to anybody. They could give it to me or--

ASSEMBLYMAN HAYTAIAN: Sure they can. But, in other words, any "Friends of" in the State of New Jersey that receives corporate PACs cannot donate to a Congressional candidate, for instance, because

ASSEMBLYMAN HAYTAIAN: Because they have different reporting forms. Their reporting forms, and their limitation, is that they cannot--

DR. ROSENTHAL: So basically the proposal we have on the table here would limit contributions by legislators--

ASSEMBLYMAN HAYTAIAN: Just to State candidates.

DR. ROSENTHAL: --just to congressional candidates.

ASSEMBLYMAN HAYTAIAN: It would eliminate that.

DR. ROSENTHAL: It would eliminate that?

ASSEMBLYMAN HAYTAIAN: Yeah, eliminate that.

ASSEMBLYMAN DEVERIN: Eliminate what?

DR. ROSENTHAL: Your making a contribution out of your PAC to a professional candidate -- to a congressional candidate.

ASSEMBLYMAN HAYTAIAN: In other words, you can't right now.

MR. BURSTEIN: Yeah, but that prohibition is tainted, or rather, that prohibition is derived from the fact that Federal law prohibits corporation contributions--

ASSEMBLYMAN HAYTAIAN: Right.

MR. BURSTEIN: --to a candidacy at the Federal level.

ASSEMBLYMAN HAYTAIAN: Correct.

MR. BURSTEIN: So that you can't effect that transfer. That is correct.

ASSEMBLYMAN HAYTAIAN: Correct, but if you have--

MR. BURSTEIN: Is that bad? That is the question.

ASSEMBLYMAN HAYTAIAN: No.

ASSEMBLYMAN DEVERIN: I am not even sure-- I don't know what the hell you would be contributing to a Congressman for anyway. I'm not sure I understand that. (laughter)

MR. BURSTEIN: That's a good question.

ASSEMBLYMAN DEVERIN: Those guys raise money like it is watermelon seeds.

MR. EDWARDS: Forget the issues and contributions, and listen to a real life scenario: Dick Zimmer had a committee, as I understand it, following ELEC, which took only money allowable under Federal law.

DR. HERRMANN: That is because-- I don't want to get into individuals, but--

MR. EDWARDS: So what I am saying is, if you restrict it to just one committee, you either have to take only money allowable under Federal law, which is a whole new set of restrictions, or--

MS. SHEEHAN: Well, that is because he became a Federal candidate.

MR. EDWARDS: Right, but he had-- (three or four members of Commission speaking at once)

DR. ROSENTHAL: He had money before he became the Federal candidate.

DR. HERRMANN: I don't believe that the current rules would prevent a committee in New Jersey from giving to congressional candidates, even if that committee got corporate money. Gregg pointed out to me that there might be some Federal rules that talk about the fact that if the preponderance of your funds are not corporate sources, you don't have a problem. I think the problem arises if, say, I am a legislator in New Jersey, or another officeholder in New Jersey, and I decide to run for Congress or the U.S. Senate, then I just can't convert my campaign kitty into Federal money, because of that restriction.

So, going back to what Ms. Sheehan said, that would be essentially someone planning ahead for a future Federal race that might slow them down a bit, but it would not prevent New Jersey candidates from distributing to congressional candidates.

MR. EDWARDS: I am not going to accept that necessarily. It is absolutely a problem for party committees, and when we get to that issue--

DR. ROSENTHAL: We are not talking about parties.

MR. EDWARDS: I understand that, but what I'm saying is, when you get to the partisan issue-- (remainder indiscernible; Mr. Edwards speaking off mike)

DR. ROSENTHAL: Let's deal with how a legislator-- I mean, every legislator wants to run for Congress, whether they admit it or not.

MR. BURSTEIN: Why should we allow that blind ambition to worry us about what we do here? In other words, I really don't think it is a serious issue, the fact that some people have in mind Federal office when they are running for State office and accepting contributions for that State office. If they are going to run for Federal office, then they should raise their money on their own, in their own way, in accordance

with Federal law. But the transference should not be our problem. If we think we ought to have a restriction limiting contributions to the individual candidate to one committee, then that is what we ought to do, not considering the transfer issue.

DR. HERRMANN: If I am running for Congress, I am not filing with ELEC at all. I am collecting--

DR. ROSENTHAL: You are just establishing a Federal PAC.

DR. HERRMANN: Yeah, sure.

ASSEMBLYMAN DEVERIN: And even if I have one committee, and I want to go to the Congressman's cocktail party, I can buy a ticket.

DR. ROSENTHAL: But what is the issue now? The other point that Gregg made had to do with the joint committees where candidates running in the same district have a joint committee.

DR. HERRMANN: Well, I think we could permit that option. I mean, currently we have the SR-1 form -- the infamous SR-1 form -- that allows candidates to form a multi-candidate committee, and certainly that would still be acceptable. In other words, if two individuals in a district decided that they did not want separate campaigns; they wanted to have a joint campaign. We would allow them to do that, but then they couldn't do anything else.

DR. ROSENTHAL: They couldn't do both?

DR. HERRMANN: They couldn't do both.

DR. ROSENTHAL: It could be Deverin and Hudak arithmetic, or--

DR. HERRMANN: Yeah, right. If there was someone in the district that you wanted to run with and you felt that was going to help you win, sure. I don't think we should restrict that. But we wouldn't allow you to do both. As a matter of fact, you can't do both either.

ASSEMBLYMAN DEVERIN: That is still one committee for the Assembly and one committee for the Senate in a district.

MS. SHEEHAN: But would that mean that you could, if it were a joint Assembly committee -- that as the individual contributor, that would double the limit, because it was a two-person committee?

DR. ROSENTHAL: Yes, yes, for a two- or three-person, yes. I think we ought to decide on this issue the one committee per candidate, and move on to the party committees and the legislative party committees, which is where our discussion shut off.

MR. PARISI: Okay. Should legislative candidates be limited to one campaign committee for the purpose of raising funds or paying expenses of an election campaign, and should two candidates in a legislative district be limited to one campaign committee for both? In other words, you would have one committee for one person, if he or she wanted to run; or you would allow two candidates in a district to have a committee together.

MS. SHEEHAN: Or three.

DR. ROSENTHAL: Or three candidates.

MR. COLE: Or three, or six.

DR. ROSENTHAL: Or six, yeah.

MR. COLE: Actually, the first part of the question may be all you need. You are limited to one committee.

MR. STANTON: Are you saying that if Assemblyman Deverin has his own committee and then he forms another committee with the other candidate running in his district--

DR. ROSENTHAL: No, one committee. It is either his own or joint.

MR. COLE: You can only have one committee. That's a joint committee.

MR. STANTON: That's a joint committee, though.

MR. COLE: It can be a joint committee or it can be an individual committee.

MR. STANTON: It is still just one?

MR. COLE: It is still just one.

MS. SHEEHAN: You don't want to say "election," do you?

ASSEMBLYMAN HAYTAIAN: The most you can have are three people on that committee -- a Senator and two Assemblypeople. And you can get triple the amount of donations. If two are very strong candidates, all the money could go to one person. That is really what you are saying. Okay.

UNIDENTIFIED MEMBER OF COMMISSION: That would be what the effect of that is.

ASSEMBLYMAN HAYTAIAN: Okay, that is the effect of that. Sure, that is the effect. So you are circumventing the law by doing that.

ASSEMBLYMAN DEVERIN: No.

ASSEMBLYMAN HAYTAIAN: No?

ASSEMBLYMAN DEVERIN: How many joint committees do you have, Fred?

DR. HERRMANN: There are a number; 15 or 20, or maybe something like that.

ASSEMBLYMAN DEVERIN: Out of 120 guys.

MR. BURSTEIN: With 120 egos, you really can't have too many joint committees.

ASSEMBLYMAN DEVERIN: Nobody wants to form a committee. I have to form my own, so--

DR. HERRMANN: Well, I think you can view it sort of like the decision to form a district office. Sometimes you get along with the other two fellows or women in a district, and sometimes you don't. Sometimes you have a joint district office and sometimes you have separate ones. You should have that kind of flexibility. I don't think we want to create a straitjacket situation. The big point is, we don't want a situation where we are going to have contribution limits so you can do easy end runs.

DR. ROSENTHAL: Frank, do you want to read the question?

MR. PARISI: Okay, so we are going to eliminate the second part. So it would read: Legislative candidates be limited to one campaign committee for the purpose of raising funds for paying expenses of an election campaign.

MS. SHEEHAN: I think what we want to do is limit it to one committee, year in and year out. I don't think you want to focus on election only. I mean, what about the off year? We are still talking the same one committee for election?

MR. PARISI: All right, let's try this.

DR. ROSENTHAL: Yes, go ahead.

MR. COLE: Are we including Assemblyman Haytaian's limitation of no more than three legislators on a joint committee?

DR. ROSENTHAL: Yes.

ASSEMBLYMAN HAYTAIAN: Because you have some counties that have just about two or three districts. When you talk about six and nine, then you are talking about nine people from the same county that has different districts forming a joint committee and helping just one out of the nine.

DR. ROSENTHAL: That is not going to happen, but--

ASSEMBLYMAN HAYTAIAN: And that can happen.

DR. ROSENTHAL: Now, this is not only three, but three from a district--

MR. BURSTEIN: From the legislative district.

DR. ROSENTHAL: From the same legislative district, not three from different parts of the State.

MR. BURSTEIN: Yeah.

MR. PARISI: All right. Let's try this version: Legislative candidates be limited to one campaign committee for the purpose of raising funds for, or paying the expenses of legislative campaigns.

ASSEMBLYMAN HAYTAIAN: Frank, I think you can clarify it by: Campaign committee or continuing committee. I think once you get into -- and I agree with Pat -- elections, campaigns, it then limits it to a campaign year, or an election year. We are talking about a campaign or an ongoing committee. (Assemblyman Deverin makes a comment here; indiscernible) One committee; one fund-raising committee is fine.

MR. PARISI: Okay. Should legislative candidates be limited to one committee or continuing committee for the purpose of raising funds or paying expenses of legislative campaigns?

ASSEMBLYMAN DEVERIN: I'll make the motion.

MR. PARISI: Let me just finish: Such committees would be limited to no more than three candidates per legislative district.

ASSEMBLYMAN DEVERIN: I'll make the motion.

DR. ROSENTHAL: Okay, call the roll, Frank.

MR. PARISI: Okay. Is there any order of preference?
(response indiscernible)

Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Yes.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Senator Orechio?

SENATOR ORECHIO: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Patricia Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Mike Cole?

MR. COLE: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes.

All right. We have been involved in a discussion on contributions to party committees -- the State parties, county parties, and local parties. As part of that consideration, we were also considering legislative party committees, or we can consider that separately.

A proposal was under discussion that those contributions be limited to \$15,000 by an individual or a political action committee for any of the party entities. That is where the discussion was.

SENATOR ORECHIO: That's \$15,000 per year, Alan?

DR. ROSENTHAL: That would be \$15,000 per election. Oh, no, per year. Per yeear, I'm sorry. Discussion?

MS. SHEEHAN: Is that an aggregate, that city, county--

DR. ROSENTHAL: No. As I understand it, an individual could give \$15,000 to the Democratic State committee, to the Republican State committee, for that matter, and to county and local committees. You could give as many \$15,000s as there are party committees. That is the sense of the motion.

ASSEMBLYMAN DEVERIN: Or \$1500 to an individual. We have already voted on that.

DR. ROSENTHAL: Or \$1500 to however many candidates there are, right? What about that proposition? I mean, that is fairly open-ended.

MR. BURSTEIN: Do we have figures that relate to political party contributions?

DR. HERRMANN: Yes, we do. We have copies, too.

MR. BURSTEIN: It is one of those biodegradable documents you have.

DR. ROSENTHAL: That is another thing I didn't want you to see, Al. You've got your hands on-- I don't have any more, do I, that he hasn't seen?

DR. HERRMANN: You can use them to wrap burgers. That would solve a problem now.

SENATOR ORECHIO: Shouldn't we have copies, by the way, Alan?

DR. ROSENTHAL: What?

SENATOR ORECHIO: Shouldn't we all have a copy of the--

ASSEMBLYMAN DEVERIN: I think it would help all of us.

MS. SHEEHAN: It is really meaningless if we say \$15,000 to everybody in the world. I mean, what are we accomplishing?

DR. HERRMANN: Maybe that is where the aggregate limit comes in. Maybe that is a concern, because--

MR. BURSTEIN: Fred, there seems to be such a wide disparity. Does this reflect and leave the spare numbers you have on these sheets for close to \$800,000 for the Democrats and some \$3 million, or whatever it is, for the Republican State committee? Does that reflect the fact that other committees exist to funnel money into?

DR. HERRMANN: That is an excellent question, Mr. Burstein. No, it doesn't. There are other committees. We talked about them, I think, two weeks ago -- legislative party committees, Assembly Republican Majority, and DAM, which is the Democratic Assembly Majority, I think. So there are other committees out there.

MR. BURSTEIN: So these figures, in and of themselves, are really distortions, unless you look at it in the total picture.

DR. HERRMANN: Well, they are part of the picture. They deal with the part of the picture that deals with getting to the State political party committees.

MR. BURSTEIN: Yeah.

DR. HERRMANN: But it is a fact, the way we finance our elections, that there are other major committees out there that are collecting money -- ARM, Campaign '89, DAM.

MR. BURSTEIN: Okay. I think the point is made.

DR. ROSENTHAL: Discussion of a limitation, you know, using the \$15,000 limitation: How many party committees are we dealing with? How many Democratic party committees are there -- the number of municipalities plus the number of counties plus the State party committee?

DR. HERRMANN: Yes, 567 plus 21 plus one, I think would give you about the number, and there may be some counties that even have more than one.

MS. SHEEHAN: And the leadership of the ARM and the DAM and all of those elections on top of that, right?

DR. HERRMANN: That's right.

MS. SHEEHAN: To say \$15,000 at the State, county, and municipal -- period?

DR. ROSENTHAL: The point is -- and this is a fact of campaign finance-- The point is, given all of those committees, the money can flow under the present system, if there are any limitations. Given a \$15,000 limitation, that aggregate would be, you can give \$9 million to the Democrats and \$9 million to the Republicans, not counting the legislative parties.

ASSEMBLYMAN HAYTAIAN: Alan, before information like this goes around and is reported in the media, in 1989 State party contributor activity-- I had a report -- a 29-day report -- last year. I am not sure what committee it was of the Democratic State committee, but it was over \$4 million or \$5 million. I don't understand the Democratic State committee at \$787,000.

DR. HERRMANN: Yeah, you're thinking Campaign '89.

ASSEMBLYMAN HAYTAIAN: Oh, well now-- That's not all on here. Come on. You're talking about false -- not false information, but somewhat-- There is a problem there. I have a major problem when I look at this, and I say, "Wait a

minute. I have had a major problem raising money, and so do the Republicans and the Democrats at about \$10 million, and now I see only \$787,000.

DR. ROSENTHAL: ELEC has figures for the legislative--

ASSEMBLYMAN HAYTAIAN: Even in the legislative at that.

DR. ROSENTHAL: You've got the figures for the legislative parties, the county parties, and the municipal parties.

DR. HERRMANN: We provided what we were asked for at the time.

DR. ROSENTHAL: Okay, but you do have all of the figures.

DR. HERRMANN: Oh, sure. As a matter of fact, what we have here is: Campaign '89, \$9.4 million raised; ARM '89, \$1.3 million raised; DAM '89, \$231,000 in '89. So they are additional figures. Again, I think pretty much the Committee lastly dealt with defining these terms so we know what we are talking about. We are talking about political party committees, which are one sort of entity, and then we also dealt with legislative party committees, which are basically what these other entities are. They both exist, and obviously you have to deal with both of them. There is no question about that.

DR. ROSENTHAL: The basic issue is: Should the parties be able to get money in order to increase party activity and to contest elections? That is number one. Number two, should the legislative parties -- the Assembly and Senate legislative parties -- also have that--

ASSEMBLYMAN HAYTAIAN: May we have copies of these also, please? May we have copies of this going around, please? (holding up what he is asking for) I would like that, because Campaign '89, at \$9,462,568-- That is more like the figure I was up against. I mean, can we get copies of this, please?

DR. HERRMANN: They can be Xeroxed; that's fine.

ASSEMBLYMAN HAYTAIAN: And I would hope in the future, Alan, that whatever information you and I are given, we will all get -- all pieces of information -- so that we are all playing on the same field.

DR. ROSENTHAL: Fine, fine.

ASSEMBLYMAN HAYTAIAN: Thank you.

MR. BURSTEIN: May we also have the 1985 contribution list?

ASSEMBLYMAN HAYTAIAN: Absolutely.

DR. ROSENTHAL: We have all been playing on the same field, because I didn't know I had them. (laughter) If I had known I had them, I would not have known what sense to make out of them, so we are definitely playing on the same field.

How do we deal with the limits on contributions to the parties?

MR. BURSTEIN: Don't look to me.

MR. STANTON: It's a tough problem, especially if the parties themselves are trying to overcome some of the television problems, which are so expensive it is almost impossible for an individual legislator to cope with.

DR. ROSENTHAL: Basically, if you-- Let's say you have a \$15,000 limit. Let's say you reduce the limit to \$5000. Then I, as an individual, will give to more party committees and, you know, just make it a little more difficult for the parties to allocate the funds to the different campaigns. But I think there would be a way for me to give.

MR. BURSTEIN: There sure would.

DR. ROSENTHAL: You're saying that unless you limit the individual contributor in the aggregate, there is no way.

MR. BURSTEIN: Yes.

MR. STANTON: I can see in the next election, for instance, both parties just taking the tax issue and making that a very major party issue, and wanting to spend, maybe,

television money on that -- both parties. And the only way they could do it-- Tom Deverin can't go out and go on television. They couldn't do it. They couldn't raise enough money; they just couldn't do it. The only people who could do that would be the parties.

DR. ROSENTHAL: But Al is getting back, then, to the individual aggregate contribution limit.

ASSEMBLYMAN DEVERIN: Yeah, I would--

DR. ROSENTHAL: My reservation about that is that you are not quite sure what the impact will be. You have no way of knowing. The number one impact is that it really may deny candidates the amount of money they need to run campaigns. Secondly, it will force them to spend more time trying to raise money, since they will be getting, you know, less in the way of larger contributions, and by large I do not mean gigantic, but I mean larger.

Thirdly, it may even deny the parties the ability to really contest the competitive seats or to, you know, put television campaigns on with regard to the tax issue or with regard to some other issue. You just don't know how that is going to work out.

MR. BURSTEIN: Well, Alan, you don't, except that unless you can define what is reasonably required for a campaign -- you don't know whether the limits are unreasonable or reasonable. My sense of it is that a large percentage of the money used for campaigns is wasted anyway.

DR. ROSENTHAL: But you don't know which percentage is wasted. (laughter)

MR. BURSTEIN: And you don't know in which area it is wasted. It may very well be wasted when you spend tens of thousands of dollars on a television spot that nobody is watching, or at least a small number of your constituents are watching.

ASSEMBLYMAN DEVERIN: Or a spot that only covers half of your district.

MR. BURSTEIN: So, it is hard to pinpoint. I recognize that clearly. I have no easy answers to it.

MS. SHEEHAN: Yeah, but it seems that you would have to put-- If you were going to go to an aggregate number, you would have to put it so high to cover the general, that I don't see what it would really accomplish. I mean, I think with an aggregate limit, you would have to allow it to be high enough so that an individual could be involved and be supportive of several different races -- where he lived, where he worked, where he or she had an interest, etc. -- versus a limit that seemed reasonable for one person to be giving to one campaign. I think those two numbers are in conflict.

I mean, when you are talking about aggregate, you are really talking about, or at least one of the things I think of is, how much can one person give to Alan Rosenthal's campaign overall, in whatever form? But when you talk about aggregate limit, you have to allow for three other districts in a Senate race at a time. The mayor's race in his town is important to you; the freeholders are up for control. How do you find a limit that covers all of those? I don't know.

MR. DeMICCO (Senate Majority Staff): Alan?

DR. ROSENTHAL: Yes?

MR. DeMICCO: Just commenting on some of the things that Al was saying a moment ago: I think what we are running up against, both in the discussion of aggregate limits and in the discussion of a magic number on contributions to parties, is the conflict between intention and effect. It may well be that the implication that I think you are making that one person or one entity is trying to exert influence by merit of spreading contributions around, or bundling them, is an intention, but I think that by merit of the fact that you are establishing contribution limits, per se, you are defusing that

ability. You are talking about an environment now certainly that has evolved over the last three cycles, where the amount of activity, by merit of the number of entities playing on this field, is so great, that one even spending large sums of money having the intention to influence, has more difficulty doing that as soon as you impose contribution limits.

So, I would suggest to you that trying to come up with a magic number in the aggregate is what we had trouble with at the last meeting, and we will always have trouble with, relative to the size and the levels of the political activity which goes on in this State -- the number of municipalities, the number of counties, and the number of offices at the State level that are contested.

You are never going to be able to come to an agreement on what constitutes an acceptable limit on leadership PACs and party PACs, but it is probably worth taking a stab at. Fifteen thousand dollars is probably not ridiculous. I guess what I am suggesting is-- It sounds to me as if there is a bit too much of a concern about one person exerting a monolithic influence, and it is a concern that I think you most effectively redress by stopping these individual impact contribution limits anyway. You don't eliminate it, but, going back to Pat's point-- What she is suggesting, I think should not be lost on us; that is that none of this means anything. Unless the disclosure is simplified and utilized, it means nothing.

DR. ROSENTHAL: Yeah. I think this is a can of worms. I am not satisfied that the aggregate limits, you know, are workable, or will not have deleterious effects in terms of the political system. I am just not satisfied.

I, being a gradualist, would rather get some of the pieces into place, go on to disclosure, see how it works out, and then-- You know, this is going to be a subject that is going to be revisited anyway. What we are doing, what the Legislature will do, will not be the last word. So, in a

couple of years, hopefully with ELEC being able to provide better data, more timely data, I think whether or not aggregate limits should be imposed, perhaps even public financing will be revisited.

I would like to move on to see if we can get agreement on whether or not there should be contribution limits for party committees and, if so, what those limits should be, and what about the legislative party committees?

MR. BURSTEIN: Would it help any in meeting some of the points just made to carve out a two-tier system to have an aggregate limit as it would relate to State legislative races? Leave everything else alone; in other words, county committees, municipal committees, and that kind of thing, those types of races at the lower levels of government. Just focus upon that one level of government which essentially is what we have been talking about. It may minimize some of the problems. I recognize that they still exist, but--

ASSEMBLYMAN HAYTAIAN: Mr. Chairman, we can do that. I point out, though, what happens if in a legislative district, in a nonelection year -- a legislative nonelection year -- a mayor or freeholder is now scot-free to do whatever he or she wants to do, raises \$300,000 and then is allowed to use that next year, because at the present time they can use that in next year's legislative race, can they not, in the primary?

Now, how do we offset that problem? I guess what we are saying here is, come down on legislative candidates and forget about all the rest of the people who we are not really looking at realistically, because there are candidates out there who raise \$400,000 and \$500,000.

DR. ROSENTHAL: Another issue there is, you give to the State party, and you don't know what election that pays for; whether that pays for a legislative election or a local election.

ASSEMBLYMAN HAYTAIAN: Exactly.

MR. BURSTEIN: Understood, but I don't think that ought to stand in the way of principle -- the fact that there may be a handful of lower level officeholders who raise money for a particular campaign intending eventually to use it in another campaign. Obviously it is an nonincumbent you are talking about, so--

DR. ROSENTHAL: Level the playing field.

MR. BURSTEIN: It's a level playing field.

ASSEMBLYMAN HAYTAIAN: Or coordinate, because there are a lot of Assemblypeople who are also mayors. Take a look around. Well, not an awful lot, but--

MR. BURSTEIN: Well, there would be restrictions on the transfer--

ASSEMBLYMAN HAYTAIAN: --there are a few, and they raise some pretty good money for those mayoral campaigns.

MR. BURSTEIN: I move that they solve all of the problems (laughter)

DR. ROSENTHAL: Let's see if we can reach agreement again on the aggregate limits. You know, on our first go around, we voted against it. Is there any difference-- I mean, if there is a difference in feeling of the Commission, we will continue the discussion and try to work on it, but if we still feel that way, then let's move on. Yes?

MR. STANTON: I do like the idea of aggregate limits, because you do have some issues in the State that have come up, like the National Rifle Association -- the enforcement issue and so forth -- where a lot of money is going to be focused on one item. Really, that money is in a lot of districts. In one way you would have some control over that money in an aggregate limit. And we are getting more of those kinds of issues in this country and in this State, I think.

DR. ROSENTHAL: Well, it seems to me, too, that aggregate limits would certainly encourage the proliferation of political committees.

MR. COLE: What if the limit applied to political--

DR. ROSENTHAL: No. I mean to contribute. In other words--

MR. COLE: In other words, can we limit contributions any single individual can make to a political committee -- to a political action committee? That deals with--

ASSEMBLYMAN DEVERIN: The problem is--

MR. COLE: --the fear of proliferation.

ASSEMBLYMAN DEVERIN: --we are getting bogged down with something that I am not sure is workable.

DR. ROSENTHAL: Let me just get a show of hands, without a formal vote, on how many people want to stay on aggregate limits and try to-- How many people favor aggregate limits and working something out? Let's just have a show of hands. (Commission complies) How many opposed? (Commission complies) Let's move on.

MR. BURSTEIN: What can I say?

ASSEMBLYMAN HAYTAIAN: Mr. Chairman?

DR. ROSENTHAL: Yes?

ASSEMBLYMAN HAYTAIAN: When we talk about individuals, and we have come to a conclusion -- we had a vote, and I'm glad we did that -- one factor we did not think about -- maybe we did, but I didn't at the time until I mentioned about a mayor and a legislator-- We do have legislators who hold dual roles on a municipal and county level. What happens with those individuals? Do they have one for each office? Do they have just one? I mean, I am not quite sure what we do there and how we can enforce it.

DR. ROSENTHAL: I think one for each office.

ASSEMBLYMAN DEVERIN: They would have to.

ASSEMBLYMAN HAYTAIAN: And can they intermingle the account, because if there are no limits on the municipal candidate and yet there are limits on the legislative candidate-- What happens then? I mean, again, you are not playing on the same field.

ASSEMBLYMAN DEVERIN: Unless the guy is the mayor of a very large city, if he can raise \$750, he is a great mayor, for crying out loud. Ordinarily that wouldn't cause that much of a problem.

ASSEMBLYMAN HAYTAIAN: Yeah, but it does. They are in existence, Tommy, and we know that. I mean, we have some mayors who are mayors of large cities who are also legislators.

ASSEMBLYMAN DEVERIN: All right.

ASSEMBLYMAN HAYTAIAN: You can't just say we can't discuss it, because it has to be discussed.

DR. ROSENTHAL: I think this is the first iteration. We will make recommendations, and I think the Legislature then will consider the recommendations, have hearings, and plug up some of the loopholes that we will surely--

ASSEMBLYMAN HAYTAIAN: But it is easier coming from the Commission, because when you have those legislators who are also mayors-- When they start talking to their colleagues, you may get some things different under the law.

DR. ROSENTHAL: Right, right. Fred, do you have any suggestion there?

DR. HERRMANN: Well, I think the notion you mentioned, or somebody did, was that if you are a mayor and you are an Assemblyman, you can have two separate committees, and with the contribution limit you could only transfer whatever the contribution limit was to the other committee, so that you wouldn't have a gaming situation where you use the one committee to actually funnel a lot more money into the other.

ASSEMBLYMAN HAYTAIAN: But you could take the legislative committee and throw it into the mayor's committee, and there is no limitation on the mayor's committee. Right?

DR. HERRMANN: Under?

ASSEMBLYMAN HAYTAIAN: Under what we just-- We didn't talk about expenditures; all we talked about were receipts -- contributions.

DR. ROSENTHAL: No, we talked about expenditures, too.

ASSEMBLYMAN HAYTAIAN: That's right. So, if a legislator has a "Friends of" -- one committee now -- and next year he is running for mayor and he takes \$30,000 of the excess surplus and throws it into his mayoral committee, there is no limitation then.

DR. ROSENTHAL: You can't do that.

ASSEMBLYMAN HAYTAIAN: Why?

DR. HERRMANN: If we have contribution limits, there would be, say, whatever the contribution--

ASSEMBLYMAN HAYTAIAN: Well, for the municipal election, yes, but we don't have--

DR. HERRMANN: In other words, the legislative committee would be the giving entity giving to the mayoral candidate, and that entity, even if it is the same person, would be limited to the \$1500, or whatever the limit would be.

DR. ROSENTHAL: Five thousand for a PAC.

DR. HERRMANN: Five thousand.

DR. ROSENTHAL: He can only give \$5000 from one committee to another.

ASSEMBLYMAN HAYTAIAN: Transfer also?

DR. HERRMANN: Yeah. I think the word "transfer" often causes a lot of confusion. If we have contribution limits, they cover the transfer issue.

ASSEMBLYMAN HAYTAIAN: That's right. In-kind also.

DR. HERRMANN: Yes.

SENATOR ORECHIO: I just wonder what the experience has been. We only have two big city mayors in the Legislature. I am talking about John Lynch and Bill Pascrell, who succeeded Graves. What has been the experience? Have you seen an infusion of funds with the limitation? I don't think it has had an effect, has it? I think what Chuck is talking about is really something that doesn't exist.

DR. HERRMANN: It is certainly theoretically possible. Whether it has happened-- Of course, with the system we have today which is so wide open, you wouldn't even really have to do that, because there are no limits anyway. If we created a system with limits but then left this kind of a loophole, maybe there would be a problem, Senator. Certainly under the current system where there are no limits at all, you wouldn't even have to resort to doing anything like that.

DR. ROSENTHAL: What about the issue of contribution limits to State, county, and local party committees? We were talking about a \$15,000 limit. Does somebody want to make a motion on limits or no limits to party committees? We are excluding, for the moment, legislative parties.

ASSEMBLYMAN DEVERIN: You mean the contributions?

DR. ROSENTHAL: Yeah, the leadership, Assembly Majority, or whatever. We are excluding them from consideration. We are talking about the Democratic and Republican State committees, county, and local--

SENATOR ORECHIO: We are talking about a maximum of \$45,000--

DR. ROSENTHAL: We're talking about a \$15,000 limitation by an individual or a PAC to any of these committees, so conceivably an individual could give to the State committee, the county committees, and local committees.

SENATOR ORECHIO: But, this doesn't happen.

DR. ROSENTHAL: No.

MR. EDWARDS: But you are not including political party committees-- (remainder of sentence indiscernible; speaking off mike)

DR. ROSENTHAL: No.

MR. EDWARDS: That is not part of the calculation?

DR. ROSENTHAL: No, individuals or other-- Political party committees, I think we have decided, can make any allocation, but we haven't handled that subject. We will have

to deal with who party committees can give to and how much. This is where Frank's presentation comes in handy.

We are now looking to political committees.

MR. BURSTEIN: Fred, can you help me out with respect to these aggregate numbers you have given us? In the contributions to the State committee list -- the two State committees -- where you have the average contribution of-- One is a little over \$2000, the other three are \$200. The averages, of course, do not mean very much, but were there any individual contributions or PAC contributions that exceeded \$15,000? Would you have those numbers?

DR. HERRMANN: We don't have them with us. Offhand I know that-- These were not the party committees, but the nonparty committees -- the legislative party contributor committees-- There were contributions up to \$125,000, \$100,000, \$75,000 -- very large. I don't know if-- Jeff (referring to Jeffrey M. Brindle) is not here right now, but in the sense of the State party committees, they were probably getting some pretty large contributions, too. Large is defined as more than \$15,000.

Jeff (who has returned to the room), the Republican State committee and the Democratic State committee, just in general, do they get contributions higher than \$15,000? In other words, ARM and Campaign Finance '89 were getting contributions of \$75,000 and \$100,000. Did the State party committees get contributions?

J E F F R E Y M. B R I N D L E: (speaking off mike) Generally, no. There were some higher contributions, but generally no. They were averaging around \$2500 or something like that.

DR. HERRMANN: Did we see any, like, \$50,000 contributions?

MR. BRINDLE: I can't say for sure, but not--

ASSEMBLYMAN HAYTAIAN: A hundred thousand dollar contribution. It says here--

DR. HERRMANN: Is that a State committee?

ASSEMBLYMAN HAYTAIAN: I don't know. They called it DAM, I guess.

DR. HERRMANN: Oh, okay. Well, I said that those committees-- Again, I know that they have received contributions of \$100,000, \$75,000, but the question was about the State party committees.

MR. BURSTEIN: The special committees, the special continuing political committees, obviously are the funnels for the large-size contributions -- isn't that fair to say? -- whereas--

DR. HERRMANN: It appears that way and, of course, there is no restriction, under current law, to giving either the Democratic or the Republican State committees \$100,000 either. So it could be going on. But certainly, I mean, I have seen some of the other reports, because we did some analyses of these things, and there were contributions at levels of \$100,000.

MR. BURSTEIN: But basically, just to try to deal with the concept that we don't want to weaken the party system--

DR. HERRMANN: No.

MR. BURSTEIN: --by whatever limitations we have here, but the experience apparently has been that the large-size contributions are going outside the State committees, not to the State committees. The State committees get contributions which are smaller in amount per contributor. Is that a generalized fair statement?

DR. HERRMANN: I am not absolutely sure. I think, under the current system, there is no-- Each election, the configuration of which committees you are giving to is shifted in terms of setting up some of these special committees. I don't think there is any trend there that I can see in terms of

State party committees getting smaller individual contributions than these other committees.

I think philosophically -- and this is important to pick up on what you said -- you would want to definitely consider treating the State party committees as different types of entities than other committees. And I think that one thing that came out two weeks ago is, you probably also want to treat as a different kind of an entity the legislative party caucus committee, for lack of a better name, and single those out as two special entities in terms of what they are allowed to receive and what they are allowed to give, because we do want to make sure--

DR. ROSENTHAL: I think we agree on that. We are just grappling with a number or how, you know -- how a number would work when you have so many party committees.

MR. BURSTEIN: What I am trying to drive at conceptually -- I am not sure how it will work -- is perhaps having a more stringent limitation on the nonstate committee entities, as opposed to State committees having a more generous cap. But I still don't have the number.

DR. ROSENTHAL: Okay. In other words, you are talking about having a more stringent limitation on the legislative party committees.

MR. BURSTEIN: On the continuing political committees as we have defined them here. Well, no, not as we have defined them--

UNIDENTIFIED MEMBER OF COMMISSION: Because that definition is so broad that it--

MR. BURSTEIN: It guts everything. But on PACs, and things of that sort.

ASSEMBLYMAN HAYTAIAN: Would we also, Alan, have to consider the national committees in this category; for instance, the Republican National Committee and the Democratic National Committee, because they do give to the State committees and they also give, at times, to candidates directly?

DR. ROSENTHAL: If we have a contribution limit, can we limit contributions from the Federal party committees to the State party committees? We can if we impose a limit. If there is no limit, then--

ASSEMBLYMAN HAYTAIAN: And that limit is also then for individual legislators, and would be this limit of \$1500 I believe.

DR. ROSENTHAL: We have been discussing a \$15,000 limit to party committees. Now, we can change that. What about the same limit, whether there is a limit, to legislative party committees?

ASSEMBLYMAN HAYTAIAN: As State committees and legislative party committees?

DR. ROSENTHAL: Yeah.

MS. SHEEHAN: Does that cover out-of-state individuals?

DR. ROSENTHAL: Anybody giving money to them. Any individual or PAC would be limited to "X" amount, whatever that amount is, giving money to a State party or legislative party committee, which we will designate in--

MR. BURSTEIN: Is there a legislative definition now of a legislative party committee? Is there such an animal?

DR. HERRMANN: No. That's a--

DR. ROSENTHAL: We would provide that there be one legislative party campaign committee. I would suggest--

ASSEMBLYMAN HAYTAIAN: No, no, two.

DR. HERRMANN: One per house.

DR. ROSENTHAL: Yes, per house. No, I think just a Majority party committee. (three or four Commission members interjecting their opinions at once here; indiscernible to transcriber)

ASSEMBLYMAN HAYTAIAN: God forbid we get involved with the Senate.

DR. ROSENTHAL: No, no, one per party per house, four altogether. None for the independents.

MR. COLE: Alan, where do Campaign '89, or ARM '89, those kinds of entities-- Where do they fit in our discussion?

DR. ROSENTHAL: That would be a legislative party committee. The Legislature could have one party committee -- the State party committee. Each municipality could have one party committee. Each county could have one party committee. And then let's stop.

MS. SHEEHAN: What about the gubernatorial? That doesn't fit here at all?

MR. STANTON: We're not into that one.

DR. ROSENTHAL: I don't think we-- No, no, then we get into public financing. Yes?

MR. BURSTEIN: Let me make a suggestion, and perhaps we can get the ball rolling in more specific terms. I think the limitation we talked about last time is probably too restrictive -- \$15,000. I would go to \$25,000 as the limitation -- State party committee or a legislative party committee.

DR. ROSENTHAL: What about county and local?

MR. BURSTEIN: I would leave those alone, for the moment.

MR. COLE: When you say, "leave those alone," do you mean the same level as a PAC?

MR. BURSTEIN: Yeah.

MR. COLE: So that's \$5000.

DR. ROSENTHAL: Twenty-five thousand dollars to a State party committee, and \$25,000 to each of the legislative party committees. So, an individual here could give to the Republicans, to the Democrats.

MR. BURSTEIN: Right, and then tie in the disclosure mechanism so that you could focus attention on whomever would be doing that kind of a crazy thing.

DR. ROSENTHAL: What about--

SENATOR ORECHIO: Is there a limitation on county, too?

DR. ROSENTHAL: He's leaving county and local out.

ASSEMBLYMAN HAYTAIAN: But, Alan, let's look at what we receive. The highest disbursement is by a county committee -- the Camden County Committee, Inc.

MR. BURSTEIN: No, that is not a county committee in the conventional sense, Chuck.

ASSEMBLYMAN HAYTAIAN: Well, I don't know what it is then.

DR. HERRMANN: Well, we don't either. That goes back to back registration--

ASSEMBLYMAN HAYTAIAN: Oh, well, that is where disclosure comes in.

DR. HERRMANN: Yes, that is a disclosure.

ASSEMBLYMAN HAYTAIAN: So maybe we ought to have Social Security numbers down on people's contributions.

MR. BURSTEIN: Federal I.D..

ASSEMBLYMAN HAYTAIAN: Sure, a Federal I.D. number. You know, when I look at this, I say, "Now, wait a minute. There is a county committee and there is another county committee up above, the same county, and that also disbursed \$154,000, or whatever-- Oh, I'm sorry. The Greater Camden County, Inc., \$134,000, yes.. Now, is that the same committee, or different committees?

MR. BURSTEIN: I don't think that is a county committee in the conventional sense of the term. This was a PAC.

ASSEMBLYMAN HAYTAIAN: I think you will find out it is, Al. Yeah, I think you might.

DR. HERRMANN: It might be, we don't know.

ASSEMBLYMAN HAYTAIAN: I don't know, but I think it might be.

DR. HERRMANN: We don't know.

MS. SHEEHAN: What is the date on this? Is this calendar year--

DR. HERRMANN: This is calendar year 1989.

DR. ROSENTHAL: Al Burstein has made a proposal that we deal with State party committees and legislative party committees, and that the contribution limitation from individuals or PACs be \$25,000 to each of the State and legislative party committees; and that someone else will deal with county and local.

MS. SHEEHAN: When you say individual or PACs, do you also mean corporations, labor unions, etc., etc.?

DR. ROSENTHAL: Yes, as individuals, right.

ASSEMBLYMAN HAYTAIAN: Alan?

DR. ROSENTHAL: Yeah?

ASSEMBLYMAN HAYTAIAN: Is there any reason why we don't want to put county and municipal under this same reform? Why not put them? I would agree if that is what you are going to do; I would agree with that limitation. But I would also agree, and hope that you would agree to it across-the-board. I don't understand why we are differentiating, and why we are focusing in only in one area. It is the whole nine yards we should be looking at.

MR. COLE: I didn't understand Al to say that we wouldn't address that. It is just that we would address that separately.

ASSEMBLYMAN HAYTAIAN: Well, why don't we do it in the same motion?

MR. COLE: Well, because you may want a different limit. You may want \$1500 to county or municipal.

MR. BURSTEIN: That's right.

ASSEMBLYMAN HAYTAIAN: Well, then I would suggest--

DR. ROSENTHAL: Do you intend to make another motion on county? Is that true?

MR. BURSTEIN: If you are going to force me to, I will, yes.

ASSEMBLYMAN HAYTAIAN: Yeah, I would like to force you to.

MR. BURSTEIN: But I think we ought to treat the issues discreetly.

DR. ROSENTHAL: Okay.

MR. BURSTEIN: Separate them out.

ASSEMBLYMAN HAYTAIAN: That's fine.

DR. ROSENTHAL: Does that satisfy you? We will move on to that after--

ASSEMBLYMAN HAYTAIAN: As long as we move on that expecting another one to come down, that's fine. I have no problem with that.

MR. STANTON: That's good.

ASSEMBLYMAN HAYTAIAN: That's great.

DR. ROSENTHAL: Okay.

ASSEMBLYMAN DEVERIN: Let me clarify something: The other reports we have -- we have the Campaign '89, we have the ARM, and we have the DAM. Now, the Campaign '89 and the DAM, or the Campaign '89 and the ARM-- Are they two separate committees?

DR. ROSENTHAL: Well, they are now, but we will provide that there be one legislative--

MR. BURSTEIN: That's right. There has to be just one for each--

DR. ROSENTHAL: --party committee--

MR. BURSTEIN: Precisely. These are our--

DR. ROSENTHAL: --for each house and each party, right. So, we are talking about four.

MS. SHEEHAN: This has nothing to do, necessarily, with a leadership PAC?

DR. ROSENTHAL: This is it; this is it. It is the leadership party PAC. So, what we are trying to do, what we are trying to encourage, is less proliferation and more concentration and responsibility. Okay.

Do you want to state the question, Frank, and then call the roll? Then Al will make a motion about aggregate limits again.

MR. PARISI: Okay. The question is, I believe: Should a limit of \$25,000 per year be placed on contributions by individuals and CPCs to legislative leadership or legislative party committees and there shall be--

DR. ROSENTHAL: Of which there shall be--

MR. PARISI: --of which there shall be--

DR. ROSENTHAL: --one for each--

MR. PARISI: --one for each party caucus in each house?

MS. SHEEHAN: Would that also include the State committee?

DR. ROSENTHAL: Yeah. You forgot that--

MR. PARISI: And there is a limit of--

DR. ROSENTHAL: --\$25,000 per year be placed on contributions by individuals and PACs to the State party committees and legislative leadership committees, or legislative party committees, of which there shall be one for each party in each house. (some discussion among Commission members here; indiscernible to transcriber)

MR. STANTON: Do you need someone to make that motion? So moved then, Mr. Chairman.

MR. PARISI: Okay. Any order of preference for the calling of the roll?

DR. ROSENTHAL: Why don't we start with Al Burstein?

UNIDENTIFIED MEMBER OF COMMISSION: Michael, because--

MR. COLE: Just, again, a clarification: Individuals include corporations and unions, as we have been talking about?

DR. ROSENTHAL: Yeah, individuals include corporations and unions and political committees, continuing political committees. You know, basically everything (indiscernible) parties.

Why don't you start with Al?

MR. PARISI: Okay. Al Burstein?

MR. BURSTEIN: No. Oh, I'm sorry. Yes.

MR. PARISI: Mike Cole?

MR. COLE: Yes.

MR. PARISI: Pat Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Senator Orechio?

SENATOR ORECHIO: Yes.

MR. PARISI: Tom Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Yes.

UNIDENTIFIED MEMBER OF COMMISSION: What about the Chairman? (no response)

MR. BURSTEIN: Can we call DiFrancesco? (no response)

DR. ROSENTHAL: What about the-- Would you want to make a proposal, then, with regard to county and local party committees?

MR. BURSTEIN: As to county and municipal contributions, the limitation -- and I have just gotten the benefit of Mike Cole's thinking on this, which is consistent with my own-- I am trying to get somebody to come down the drain with me. It should be appreciable less, given the nature of the campaigns at the local levels, distinct from the State campaigns, and the sum would be \$5000.

ASSEMBLYMAN DEVERIN: Except for one thing, Al. A county committee covers a bigger area and a larger number of voters than any one legislative district, but you may be cutting it down too low; \$5000 may be just a little bit too low.

MR. BURSTEIN: On an individual contribution limit? Five for the municipality?

ASSEMBLYMAN DEVERIN: Not a municipality. There is a difference between a county and a municipality, you know.

MR. BURSTEIN: Yeah. What Alan threw out was 10 for the county and five for the municipalities.

ASSEMBLYMAN DEVERIN: Yeah, all right, I could live with that.

MR. BURSTEIN: I think that sounds pretty good. You make a good point.

DR. ROSENTHAL: It is basically the same language, but with a \$10,000 limitation for county party committees and a \$5000 limitation for municipal--

MR. COLE: The same understanding that there would be one party committee per county and one per municipality.

DR. ROSENTHAL: Yeah, one party committee -- with the understanding that there be one party committee of each party.

MS. SHEEHAN: Question: How does that impact on the so-called nonpartisan municipal governments?

MR. BURSTEIN: The nonpartisan forms of government?

MS. SHEEHAN: Yeah.

MR. BURSTEIN: You would have to--

MS. SHEEHAN: Just ignore that? It doesn't--

MR. BURSTEIN: Well, you have, even in the nonpartisan forum-- You have committees that are formed for the election purpose.

MS. SHEEHAN: So that would be all right?

MR. BURSTEIN: Yeah. I think we have to have a definition of order to accomplish the Faulkner Act on partisan communities.

DR. ROSENTHAL: So that they are--

MR. COLE: So that you can go out to each of those municipalities.

DR. ROSENTHAL: You go out what?

MR. COLE: To the municipal committees. They may not be called Democratic committees and Republican committees.

DR. ROSENTHAL: Well, why not three? I mean, couldn't there really be three competing committees?

MS. SOBOLEWSKI (Assembly Majority Staff): There could be many more than that. You can't assume that there are only

going to be two committees. In Perth Amboy, there are already four that are filed. I mean, you cannot presume that--

MR. BURSTEIN: Well, we can carve out Perth Amboy outside our--

DR. ROSENTHAL: Which would include one Democratic committee and one Republican committee; no more than one Democratic and no more than one Republican committee.

MS. SOBOLEWSKI: Alan, by virtue of the way it is established in nonpartisan, you can't put a limitation on that.

DR. ROSENTHAL: I know; I know.

ASSEMBLYMAN DEVERIN: You just have to let them go on their own. You can't touch them.

MR. BURSTEIN: Keep them outside the parameters of the limitation.

ASSEMBLYMAN DEVERIN: Yeah, yeah. There are not that many of them anyway.

DR. ROSENTHAL: So, basically-- We will have the language in a minute, and we'll vote.

SENATOR ORECHIO: Is that per year, Chuck?

DR. ROSENTHAL: That's per year.

MR. BURSTEIN: That should be more than enough for most types of races.

MR. DeMICCO: What Al is suggesting here is five for individuals and ten per PAC.

DR. ROSENTHAL: No, no, no, no. It's all-- Individuals and PACs can give the same amount of money, but they can give \$5000 to a municipality, \$10,000 to a county party, and \$25,000 to a State party or a legislative party.

MR. DeMICCO: I think -- just jumping off on what Assemblyman Deverin said a moment ago -- these numbers are as good as any. But what this isn't particularly responsive to is the tremendous disparity in the costs of running county committees across the State. The costs of running county committees in Bergen, for instance, which is probably the most

cost-intensive county, are far different from Warren or Hunterdon, just by merit of the media markets that are up there.

DR. ROSENTHAL: They have more money up there.

MR. DeMICCO: Now, the flip side of that, of course, is that--

DR. ROSENTHAL: It is a larger reservoir of contributors.

MR. DeMICCO: Right. So we're really stabbing in the dark on this one, because this is one area where we don't have a lot of intimate knowledge of how campaigns are conducted at the county level.

MR. BURSTEIN: Well, I think, Steve, that what we would have to come down to is to live by experience as you go along. Whenever you go into relatively uncharted waters, there may also have to be some kind of a Cost of Living Index built in because, again, when you are dealing with fixed numbers, you find after five or ten years, those numbers look completely out of whack. But, these are fine-tuning issues that--

MR. DeMICCO: And you've already got a campaign cost index that was established by statute last year.

DR. ROSENTHAL: Didn't we also agree, though, that the contribution limits would be subject to the gubernatorial cost of living process?

MR. COLE: Yes. I think that is a given.

DR. ROSENTHAL: Okay.

MR. PARISI: The question is -- actually in two parts: Should a limit of \$10,000 per year be placed on contributions to county political committees by individuals, corporations, unions, political committees, and continuing political committees? And, should a limit of \$5000 per year be placed on contributions to municipal party committees?

DR. ROSENTHAL: By the same groups. Call the roll.

MR. PARISI: Okay. Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Yes.

MR. PARISI: Assemblyman Deverin?
ASSEMBLYMAN DEVERIN: Yes.
MR. PARISI: Senator Orechio?
SENATOR ORECHIO: Yes.
MR. PARISI: Tom Stanton?
MR. STANTON: Yes.
MR. PARISI: Pat Sheehan?
MS. SHEEHAN: Yes.
MR. PARISI: Mike Cole?
MR. COLE: Yes.
MR. PARISI: Chairman Rosenthal? (no response)
MR. BURSTEIN: Oh, I guess I don't--
DR. ROSENTHAL: You got to introduce the motion; you don't have to vote on it.
MR. PARISI: Al Burstein?
MR. BURSTEIN: Yeah, I guess.
MR. PARISI: Chairman Rosenthal?
DR. ROSENTHAL: Yes.
ASSEMBLYMAN HAYTAIAN: Alan, the next question--
ASSEMBLYMAN DEVERIN: How quickly they forget.
ASSEMBLYMAN HAYTAIAN: A State party committee to another political action committee, and then also a State party or a legislative party committee to a candidate-- We also have to look at that.
DR. ROSENTHAL: Right.
ASSEMBLYMAN HAYTAIAN: Are there any limitations on that? Was there any thought on that? I thought I heard it was open-ended, or are we going to talk about it?
DR. ROSENTHAL: No, we've got to talk about it, sure.
MR. COLE: Have we dealt with everything else, though, Alan?
DR. ROSENTHAL: No.
MR. COLE: We haven't dealt with continuing political committees generally.

DR. ROSENTHAL: What do you mean?

ASSEMBLYMAN DEVERIN: Yes, we have.

ASSEMBLYMAN HAYTAIAN: Sure, we did.

MR. COLE: We have dealt with contribution limits to legislative committees, State parties, municipal and county, but we haven't dealt with the others.

ASSEMBLYMAN HAYTAIAN: Yes, the individual can only have one -- \$1500. We did that last week, or two weeks ago.

MR. BURSTEIN: We did that, yes.

DR. ROSENTHAL: We haven't dealt with the issue of whether a candidate can use surplus campaign funds, and stuff like that. But what do you mean, Michael?

MR. COLE: How much can an individual give to--

DR. ROSENTHAL: To a PAC?

MR. COLE: To a PAC.

DR. ROSENTHAL: We have not dealt with that. We have not dealt with how much an individual--

MR. COLE: Can give to a PAC.

DR. ROSENTHAL: Well, doesn't that come in under the \$1500?

ASSEMBLYMAN HAYTAIAN: Yeah, sure.

MR. COLE: That's fine. I think that is the way it should be, but I notice on the sheet here-- On the sheet here, we distinguish between political committees and continuing political committees, and there is \$1500 for political committees, and no limit, which means no decision on continuing.

ASSEMBLYMAN DEVERIN: Excuse me. But can you really say to a corporation like XYZ Corporation, which forms a PAC, that they can only ask their employees for a certain amount of money?

DR. ROSENTHAL: Yeah. I think you can say it.

ASSEMBLYMAN DEVERIN: Can you say that? There is no recording of what they contributed, is there?

MS. SHEEHAN: Oh, yes. Oh, by the ton.

ASSEMBLYMAN DEVERIN: Does a PAC tell you that they get so much from--

MS. SHEEHAN: Yeah, over-- What is it? A hundred dollars, I think it is.

DR. HERRMANN: That is correct. If you give them more than \$100, you have to give your name and address. And one of the things you have been talking about for many years, is also giving who you work for.

ASSEMBLYMAN DEVERIN: How much?

DR. HERRMANN: The threshold is over \$100.

DR. ROSENTHAL: The issue here is, I think we have decided, maybe inadvertently-- I think an individual can only give \$1500 to a continuing political committee.

MR. COLE: I agree.

DR. ROSENTHAL: That would be to a PAC. So, that is--

MR. BURSTEIN: We ought to make that a motion, so it is on the record.

MR. COLE: We ought to make that explicit, Alan.

DR. ROSENTHAL: Okay, let's make that specific; that an individual may give no more than \$1500 to a political action committee, I guess, for a year?

MR. COLE: Per year.

DR. ROSENTHAL: Per year. We have been talking about elections -- per year.

MR. STANTON: May I ask Fred a question? Does that cover the limitation on the Federal PACs? Is there any limitation on the PACs? I know in the bank we had a State PAC and a Federal PAC we were using. I mean, \$1500-- Nobody ever gave that much; no individual ever gave that much.

DR. HERRMANN: If the money is coming in from a Federal PAC, yes; the contribution level would affect that as well.

DR. ROSENTHAL: Okay, Frank.

MR. PARISI: The question is: Shall an individual be limited to contributions of \$1500 per year to a continuing political committee other than a legislative leadership committee or the State, county, or municipal committee of a local party?

DR. ROSENTHAL: And other than a candidate committee. Please call the roll. Why don't we start with Senator Orechio?

MR. PARISI: Senator Orechio?

SENATOR ORECHIO: Yes.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Mike Cole?

MR. COLE: Yes.

MR. PARISI: Pat Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes.

All right. There is another issue. Let me move on to another issue under contributions, and that is soft money, voluntary time, and other things of value other than money. Now, as I understand it, the law now-- Yes, Assemblyman?

ASSEMBLYMAN HAYTAIAN: We didn't do the last part of this puzzle; that is, political action committee to political action committee; political action committee to candidate.

DR. ROSENTHAL: Okay.

ASSEMBLYMAN HAYTAIAN: Let's do that, so we know where we are on that also.

DR. ROSENTHAL: The question is: How much should a party committee -- right? -- State, or county, or local, or legislative--

ASSEMBLYMAN HAYTAIAN: Or Federal.

DR. ROSENTHAL: --or Federal be allowed to give to a legislative candidate--

ASSEMBLYMAN DEVERIN: That doesn't include the leadership.

DR. ROSENTHAL: --or to one another.

ASSEMBLYMAN DEVERIN: That doesn't include leadership.

ASSEMBLYMAN HAYTAIAN: It should, sure.

DR. ROSENTHAL: Yes, it includes the legislative parties/leadership group.

ASSEMBLYMAN DEVERIN: The gate is what they are there for.

DR. ROSENTHAL: But we're asking, should there be a limit?

ASSEMBLYMAN DEVERIN: Oh, I see, yes.

DR. ROSENTHAL: And you're saying there shouldn't be a limit.

ASSEMBLYMAN DEVERIN: They're really formed for the hard districts or the targeted districts or the worry districts. But, what the hell, I don't need a contribution from them. Maybe District 29 needs a contribution.

DR. ROSENTHAL: Well, Assemblyman Deverin doesn't think there should be any limit. I don't think there should be any limit.

MR. COLE: I agree with Tom. I don't think there should be a limit. We have kind of concentrated the money now on political leadership committees. Let them decide how best to spend it.

DR. ROSENTHAL: And it will be disclosed.

MR. BURSTEIN: Yes, correct, Al.

DR. ROSENTHAL: Is there anybody who wants to argue the position that there should be limits on how the political party leadership, at whatever level, decides to allocate moneys, as long as it is reported?

ASSEMBLYMAN HAYTAIAN: No problem. How about candidate committee to candidate committee?

DR. ROSENTHAL: I think we ought to reflect that in vote. I think we ought to take a vote on that.

ASSEMBLYMAN HAYTAIAN: I would, but then that is the next part of the question -- candidate committee to candidate committee, after this vote.

DR. ROSENTHAL: I think the candidate committee to candidate committee is covered by what we have already decided; one PAC, or continuing committee, giving to another. But we ought to take a vote if there is any--

I would suggest that candidates be limited in terms of how much they can transfer. A candidate PAC or a candidate committee should be permitted to give \$5000 to another committee, just as any PAC can give \$5000.

MR. BURSTEIN: You can give me \$5000?

DR. ROSENTHAL: Right, but you can't--

ASSEMBLYMAN HAYTAIAN: And I would give it to you, Tom. Make a note of that.

MR. COLE: Let's reflect that in the vote.

SENATOR ORECHIO: Is that a max on an individual, or is that an aggregate?

DR. ROSENTHAL: That would be a max per individual. In other words, you, out of your candidate PAC, could give \$5000 to anybody you want, all candidates, but no more than \$5000 to each one.

MS. SHEEHAN: Is that the only one?

ASSEMBLYMAN HAYTAIAN: But no limitation from, say, "Friends of Chuck Haytaian" to ARM -- no limitation there.

DR. ROSENTHAL: "Friends of Chuck Haytaian" can give to Assembly Republican Majority--

ASSEMBLYMAN HAYTAIAN: Twenty-five thousand.

DR. ROSENTHAL: Twenty-five thousand dollars.

ASSEMBLYMAN HAYTAIAN: Okay, that's it.

DR. ROSENTHAL: But you have nothing to do with "Friends of Chuck Haytaian," because you got through one committee, and that is another committee.

ASSEMBLYMAN HAYTAIAN: Well, that is going to be it.

MS. SHEEHAN: That is going to be it.

ASSEMBLYMAN HAYTAIAN: That would be my one committee.

DR. ROSENTHAL: Oh, no, yeah, that is your one committee. You can give \$25,000.

ASSEMBLYMAN HAYTAIAN: Based on that, I think we have to make sure that Fred understands -- and I know he does -- that the mechanics of reporting that, because we are only going to have one as legislators, that you are going to have to give us maybe once a month. I am ready for that, and that's fine. Once a month would be fine. This way you have great disclosure. We know that once a month -- the first of the month -- we have to send in a report, and that would be fine. That's no problem.

MR. BURSTEIN: Like a mortgage.

ASSEMBLYMAN HAYTAIAN: No that is not more work. It may be more work, but it is less aggravation.

MR. COLE: He said, "It is like a mortgage."

ASSEMBLYMAN HAYTAIAN: The problems associated-- There are all of the questions about reporting and the dates and everything else, and that's aggravation.

MS. SHEEHAN: This has nothing to do with surplus funds?

MR. COLE: No.

MR. BURSTEIN: No.

MR. COLE: That is another issue.

UNIDENTIFIED MEMBER OF COMMISSION: That is why the campaign advisers sweep it out of the--

DR. ROSENTHAL: Since Frank has the question formulated, let's deal with that first question on which we all agree.

MR. PARISI: Okay. My understanding is that the question is: Shall there be a limit on the amount of money that a State, county, or municipal committee can give to a candidate?

DR. ROSENTHAL: State, county, municipal, or legislative party committee can give--

ASSEMBLYMAN HAYTAIAN: Federal also.. I asked about Federal.

DR. ROSENTHAL: Or Federal.

ASSEMBLYMAN HAYTAIAN: And/or Federal or Federal--

MR. BURSTEIN: It really shouldn't be phrased in terms of a question, but rather a proposition. There shall be no limitation on--

DR. ROSENTHAL: Okay, there shall be no limitation--

MR. BURSTEIN: Then you vote "Yes" or "No."

MS. SHEEHAN: This, in effect, covers transfers?

DR. ROSENTHAL: Yes, for a party; you know, for the party committees.

MS. SHEEHAN: Yeah.

DR. ROSENTHAL: For the members or-- Shall there be no limitation? Everything is formulated in a question form. Shall there be no limitation? Okay?

MR. BURSTEIN: Yeah, okay.

MR. PARISI: Okay, all right. Second version: Shall there be no limit on the amount of money that a State, county, or municipal committee, or a legislative party, or a Federal committee can give to a candidate?

DR. ROSENTHAL: Call the roll, quick, before somebody says something.

MR. PARISI: All right. Assemblyman Haytaian? (pause here) Shall I read that one more time?

ASSEMBLYMAN HAYTAIAN: Yes, I was just trying to clarify it in my mind. The answer I believe is "Yes."

MR. PARISI: One more time.

ASSEMBLYMAN HAYTAIAN: Al, if you are going to be "Yes," I'll be "Yes." You don't have to read it again.

MR. PARISI: Shall there be no limit on the amount of money that a State, county, or municipal committee, or a legislative party committee, or a Federal committee can give to a candidate?

ASSEMBLYMAN HAYTAIAN: Yes.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Senator Orechio?

SENATOR ORECHIO: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Patricia Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Micheal Cole?

MR. COLE: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes.

The second question, to make this explicit, although it may already be covered, is: Shall candidates be limited to \$5000 in the amount of money they can give to other candidates, but not to parties?

MS. SHEEHAN: Why did we switch to question form?

DR. ROSENTHAL: He has always formulated it in question form.

MS. SHEEHAN: Well--

DR. ROSENTHAL: We can put it in any form. Shall candidates be limited to \$5000 per election that they can give to other candidates, which would entitle you to give to a colleague, or another candidate, \$5000 for a primary and \$5000 for a general election?

Will you please wipe that smile off your face?
(addressed to Gregg Edwards)

MR. EDWARDS: I just marvel at how you act as though you know what you are doing. (laughter)

MR. STANTON: You better be careful, or he will clout you right out of this thing.

MR. PARISI: Okay. The question is: Shall candidates be limited to \$5000 per election on the amount of money they can give to another candidate in that election? Okay?

Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Wait a minute, I was out. Please go around and come back to me.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Mike Cole?

MR. COLE: Yes.

MR. PARISI: Pat Sheehan?

MS. SHEEHAN: I'm sorry. I am not sure what we are voting on. Could you please read the question again?

MR. PARISI: There is a limit of \$5000 per election on the amount of money that can be given -- that one candidate can give to another candidate.

MS. SHEEHAN: I'll abstain.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Senator Orechio?

SENATOR ORECHIO: Yes.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Yes.

DR. ROSENTHAL: We still have to get to the matter of disclosure. We'll see how far we get. One of the issues that can be raised has to do with soft money, voluntary time, and other things of value, in terms of there being limits. We will get to disclosure later.

Now, the current law provides, I would assume, that in-kind contributions are reported. Is that correct?

DR. HERRMANN: Yes, they are treated the same as direct contributions in terms of reporting thresholds.

DR. ROSENTHAL: So in other words, if I do a printing for a legislative candidate, I would report the value of that printing.

DR. HERRMANN: Fair market value or whatever the actual value was.

DR. ROSENTHAL: So, what we are really talking about now is-- Well, that would be limited, then, under a campaign contribution.

DR. HERRMANN: Oh, yeah, absolutely correct.

DR. ROSENTHAL: Right. So what we are talking about is, if anything is voluntary time--

ASSEMBLYMAN HAYTAIAN: That's right.

DR. ROSENTHAL: That is what we are talking about -- voluntary time.

ASSEMBLYMAN HAYTAIAN: That is not soft money, but it is something that does occur and something that is a factor in campaigns. Some people say, "Well, that's good. That is the elective process as it is, but you can get 500 people who are not paid full-time--

DR. ROSENTHAL: Well, would you propose to limit or to have a reporting?

ASSEMBLYMAN HAYTAIAN: I don't know; I am not sure. I just found out that this is a factor in campaigns.

ASSEMBLYMAN DEVERIN: How would, you know, the Right to Life or the Right to Choose-- If they put 500 people out on the street, how the hell are you going to report that?

MR. BURSTEIN: There would have to be a State inspector out of Fred's office monitoring every organization in the State.

ASSEMBLYMAN DEVERIN: Or Save the Green Trees. How are you going to report that if they go out?

DR. ROSENTHAL: I think the reporting is a different issue. When we get into disclosure-- We will consider that under reporting in the whole disclosure thing. As far as limiting it, we certainly wouldn't want to limit it.

ASSEMBLYMAN DEVERIN: Oh, I'm sorry. I thought you were talking about disclosing.

DR. ROSENTHAL: Well, it is here under contribution limits. Unless there is--

MR. STANTON: It is impractical to try to monitor voluntary, you know-- Secondly, I think we ought to try to stimulate voluntary-- God knows, in campaigns, it is so difficult to come by, that for us to put any restrictions on it, or make it a marketable item for campaign purposes, I think would be unrealistic. So from that standpoint, I would recommend that there be no limitation on that.

DR. ROSENTHAL: Well, I think we can pass on. I think that is a question, but--

MS. SHEEHAN: What about the other kinds of soft moneys -- printing and the TV and the independent expenditures? Where do they come in?

DR. ROSENTHAL: Well, if you do printing for a candidate, that has a value and that is reported as a campaign contribution. If you have an independent committee, then you can spend whatever you want on behalf of the candidate, but

people who contribute to you are limited, as they are limited to contributing to any other committee. But there is no limitation on committees working independently on behalf of candidates. Right?

MS. SHEEHAN: But they are covered in our earlier limits.

DR. ROSENTHAL: Only in terms of the contributions they receive, not in terms of what they spend.

MS. SHEEHAN: Right.

MR. STANTON: But what you are saying is, this has to be disposed -- "X" number of people working in a campaign, or something of that nature.

DR. ROSENTHAL: Well, when we get to disclosure, the question is, do you disclose how many people are working? You know, that becomes very difficult to do.

MR. STANTON: I know that. It is a terrible problem, as far as that is concerned.

DR. ROSENTHAL: Well, let me-- There is another issue here that we probably should address if we can, and that is on page 2 of the questions -- No. 6 -- and it has to do with the proliferation of committees: Should an individual who contributes the maximum amount of money to a candidate be prohibited from forming or contributing to a political committee or continuing political committee which makes contributions to the same candidate?

ASSEMBLYMAN HAYTAIAN: What number was that?

DR. ROSENTHAL: I'm looking on page 2 of Parisi's memo of the questions, and it is No. 6 -- question 6 on page 2.

SENATOR ORECHIO: It is under "Contribution limits."

ASSEMBLYMAN DEVERIN: How would you police that?

ASSEMBLYMAN HAYTAIAN: That committee can only make \$1500 now anyway.

MR. BURSTEIN: (temporarily taking over for Chairman)
I wish to announce that the Chairman has just been deposed.
(laughter)

ASSEMBLYMAN HAYTAIAN: Another coup.

MR. BURSTEIN: That's right, it was a palace coup.

ASSEMBLYMAN HAYTAIAN: I think question six has been answered by what we did previously, because that committee now can only donate \$1500. So, even if they make the maximum, now it is another \$1500. That's what we're saying. I don't think that is a major problem at this point.

MR. BURSTEIN: We have narrowed down the numbers of committees that are usable by a candidate in an election. There is a sense that question six on this page does not require any further discussion; that we have already dealt with it by our other decisions.

Okay, we are moving right along. We will finish the work of this Commission without the necessity for further meetings, as long as Rosenthal stays outside. (laughter)

We are now going to focus on Article 2, the transfer issue of surplus campaign funds which Frank Parisi has put on the bottom portion of page 2. I would appreciate hearing what you have to say about that. What do we do with surplus funds?

ASSEMBLYMAN HAYTAIAN: I have a bill in per Fred Herrmann, which would take care of that problem. Maybe Fred would like to talk about it. It is based on the Federal form. I think that if we can pass that bill, it would take care of these problems.

MR. BURSTEIN: Can you tell us what the content is?

DR. HERRMANN: Yes, I can. In our annual reports for the last 10 years or so, the Commission has put out proposals in terms of surplus funds, and Mr. Haytaian does have legislation in. I believe other members of the Legislature do as well, with various variations.

Basically what the Commission would like to see is a set of guidelines in the statutes of how this money can be used. Currently, it is really wide open. Our current law doesn't even say that personal use of the money is illegal. So

what we would like to see is a consensus in the Legislature with the Governor, to be put into a statute which would just clearly specify how that money may be used.

Now, the kinds of things that we have suggested -- and we have a regulation on them -- are obviously that you can give the money to candidates, or you can give the money perhaps to charity. You can give it back to the contributors. You can perhaps use it for another election. There are various things that you can use it for.

But the problem we have is, it doesn't say that in statute today. There is also a division, I believe, in the Legislature -- and it is a philosophical division -- which cuts across party lines as to whether or not the money can be used for the ordinary and necessary expenses of holding public office, i.e., for your district office can you buy yourself a bigger computer than the Assemblyman in the next district? Can you buy yourself a car phone? Can you use the money for various constituent purposes? And that is an issue that has been quite divisive in the Legislature. My sense is that that is the reason we haven't put anything in the statute; because we have never really been able to solve that question about whether the money can be used for ordinary and necessary expenses of holding public office. At the Federal level, the law is quite clear that you can, but in New Jersey, that is very controversial.

MR. BURSTEIN: Well, is the bill prescriptive in the sense that it specifies those things for which surplus campaign funds can be used, and everything else is prohibited?

DR. HERRMANN: Yes. There are various bills in. I believe your bill does it that way. I think, in terms of bill drafting, in clarity the best way to do it is to say: "Here are the following uses for money." Anything else would then become personal use, or would be prohibited. That, I think, is the clearest way to do it.

UNIDENTIFIED MEMBER OF COMMISSION: Is it a broad list?

ASSEMBLYMAN HAYTAIAN: I talked to Fred about two years ago, I guess it was. I had an inquiry from a reporter. He wanted to know what we would do, and I told him-- I said, "Fred, why don't we put in a bill that puts it in legislative form? It then would become law as to what we could do." He said, "Why don't we take a look at the Federal law?" and that statute, in essence, takes care of it. That is the reason I put the bill in, I guess, from ELEC's recommendation.

MR. STANTON: It's a long list, a short list?

DR. HERRMANN: Maybe six items, or something like that.

MR. STANTON: Six items, such as?

MS. SHEEHAN: What are they?

DR. HERRMANN: Well, again, such as giving it to another candidate; giving it to charity; giving it back to the contributors.

ASSEMBLYMAN HAYTAIAN: I think we can phrase that here as, "Moneys raised by all committees shall be used in the following ways only: 1) campaign-related expenses; 2) overhead expenses; 3) contributions to other committees; 4) refunds to contributors; 5) the ordinary and necessary expenses of holding public office. That basically is what the bill--

MR. BURSTEIN: All right, so that last is the critical issue.

DR. HERRMANN: That is the one that is creating a problem.

DR. ROSENTHAL: That is the issue.

DR. HERRMANN: Yes.

DR. ROSENTHAL: The issue is whether or not the campaign funds should pay for the expenses of public office.

MS. SHEEHAN: And what does "overhead" mean?

DR. HERRMANN: District offices?

MR. BURSTEIN: The same thing.

MS. SHEEHAN: Overhead for the campaign, or the overhead--

ASSEMBLYMAN HAYTAIAN: ARM -- the overhead of a campaign office, yeah. The cost of raising money. That is an overhead.

MS. SHEEHAN: --of maintaining an office?

MR. BURSTEIN: But not the overhead of your continuing legislative office?

ASSEMBLYMAN DEVERIN: No, no.

MS. SHEEHAN: But, aren't we talking about surplus funds? That means the campaign is over. .

ASSEMBLYMAN HAYTAIAN: Well, the campaign is never over. In an Assembly race, it never is, and I pointed this out to Fred. As soon as we were elected in our district, on January 1 of the following -- which was 1990 -- a person will say, "I am a candidate for the Assembly seat two years from now." So, the campaign is never over. I mean, that is the nature of the game in the Assembly, not as much in the Senate.

DR. ROSENTHAL: My feeling about that is that the use of a campaign fund should be limited to the campaign, or two, but not to the operation of a district office.

ASSEMBLYMAN DEVERIN: Oh, no, no.

ASSEMBLYMAN HAYTAIAN: But, Alan, we only have one now, so don't talk about a campaign fund. We only have one committee -- period. That is going to take care of-- We just decided that, so now we have to go on that basis. Forget about the fact that we have had 15.

DR. ROSENTHAL: I think the expenses of a district office, you know, should be separate.

ASSEMBLYMAN HAYTAIAN: No, I didn't say-- The district office is not included.

ASSEMBLYMAN DEVERIN: If we realize the one committee thing, that takes care of the problem. If we make the reporting a continuing thing-- If you are a candidate and you

call ELEC, they will tell you, "Close your account out and make it a (indiscernible) of account, or make it a--

ASSEMBLYMAN HAYTAIAN: Continuing political committee.

ASSEMBLYMAN DEVERIN: --continuing political committee, or something else. If it is one committee and you make the reporting forever until the account is completely out of money, then it takes care of the surplus money. Then the account can only be used for campaign expenses.

DR. ROSENTHAL: For campaign expenses?

ASSEMBLYMAN DEVERIN: That's right, and the campaign would be (indiscernible) there -- a ticket, a fund raiser.

DR. HERRMANN: Sure. Many members -- some members of the Legislature--

ASSEMBLYMAN HAYTAIAN: Charity also. In the bill, it also included contributions to charity. It was six.

DR. HERRMANN: The real sticking point, though, has been that philosophically certain members of the Legislature-- It is almost 50/50; I mean, it is-- A lot of members feel the money that they use for constituent services and for their district office should only come from the State. They don't want to be in a situation where the person in the next district is raising a lot of money and has a much more sophisticated computer in their office. That gives a lot of concern among some members of the Legislature.

ASSEMBLYMAN DEVERIN: It is not only a feeling, it's fair, you know. Some people would have an elaborate office with--

DR. ROSENTHAL: Well, can that be clarified, that the campaign funds should be spent on the campaign? Of course, everything is the campaign.

DR. HERRMANN: Well, what you can do in terms of drafting legislation-- In terms of drafting legislation, all you would have to do is not have the provision for ordinary and necessary expenses of holding public office as one of the

things you can use the money for. Again, there are many legislators who feel that it is completely appropriate to raise money for those purposes. They say that at the Federal level they do it, and that in some other states they do it. It is really--

DR. ROSENTHAL: I mean, I personally feel that there should be a distinction, insofar as possible, between the campaign fund, and the State ought to pay for the district office and the constituent service -- insofar as possible -- and that we ought to shoot for that distinction.

ASSEMBLYMAN DEVERIN: If you make it a rule where you cannot close out an account unless you have zero moneys -- period -- and if you are going to say that if you have money left over you must keep the account on record as the "Committee to Elect John Johnson," and they must report every 60 days the expenditure of that money, that makes a disclosure.

DR. ROSENTHAL: Right, right.

ASSEMBLYMAN DEVERIN: What you do-- If you buy tickets for something, it shows. As of now, I can't use my campaign funds for my legislative office.

DR. HERRMANN: Actually, it's great. We get those questions all the time, and it is a very difficult one to answer because the statute-- It is not vague; it is not even there.

ASSEMBLYMAN DEVERIN: Well, it says you can't.

ASSEMBLYMAN HAYTAIAN: Except that I think-- Tommy, you should understand also that there are members who use their "Friends of" for trips. Alan went to a legislative council. Now, that is part of the job of holding office, at some point. Those who are on committees-- I mean, I am on the CSG. I am on the Executive Board. I didn't go this year or last year, but in the past the State had funded those trips because I think probably with the finances, a lot of people did not go. Some people did go this year and they used their "Friends of." Now, is that taboo? Is that wrong?

DR. ROSENTHAL: Is that a campaign expense, or a holding legislative office expense?

ASSEMBLYMAN HAYTAIAN: A continuing political action committee, since there is only going to be one now, has to be considered throughout the year.

DR. ROSENTHAL: That's all right; that's all right. But I mean, my objection, philosophically, is that your campaign fund be paying for district service work, that really is what the State should be paying for. That is my objection. And then there are gray areas, of going out to Nashville, or wherever.

ASSEMBLYMAN HAYTAIAN: Yeah, that's right.

DR. HERRMANN: I just want to clarify something: Under current law, there is an overlap with Marci's Ethics Commission and that, I think, is what Mr. Deverin is referring to; that they have rules that govern this that are not ELEC's rules.

ELEC, by the way, has never taken a position on this issue. Our concern is that the guidelines are clear. If the Legislature decides that they want to have this money used for ordinary and necessary expenses, that's fine with us. If the Legislature decides, on the other hand, that they don't want it used for that, that is fine with us. But the major problem you have today is-- Because of that stalemate, the logjam on that, we've got nothing at all. That is leading to tremendous confusion.

DR. ROSENTHAL: Marci--

ASSEMBLYMAN DEVERIN: I think, Alan, it is confusing for us, too. I think if you just make the account-- You can have a balance in your account now and send in an account and close out the account and transfer it to a legislative account or to a "Friends of Tom Deverin," account, or a "Friends of John Johnson" account. You can just let that money stay in an account and not report it until the next election. Then you can put it back into your account and you open a new account.

If we would end that and say, "From now on you cannot close out an account under any circumstance; you must keep the account going until you really have a zero balance," then you would take care of that. Then it would be governed by the regulations. If you want to make the regulation that it can only be used for campaign expenses, whatever they are, that would be it.

ASSEMBLYMAN HAYTAIAN: I guess I am a little confused, because I have been reporting for 16 years now, since I was a freeholder candidate, and it was always a continuing-- It it's zero, then it is closed out, and we would start again when I was a freeholder. Then there was a surplus account -- surplus funds. That was then put into a "Friends of." But I have always reported. I have never closed out an account, unless there was-- Do you mean to tell me that people can close out an account if there is more than a zero balance?

DR. HERRMANN: Theoretically, yeah. You can close your campaign account and then start up a new one.

ASSEMBLYMAN HAYTAIAN: And do what with the money?

DR. HERRMANN: Ah, there is the problem. That is why we have the surplus funds problem.

SENATOR ORECHIO: Give it to charity, Chuck.

ASSEMBLYMAN HAYTAIAN: Oh well, now, wait a minute. I think we ought to go into that a little further. Let's find out about that.

ASSEMBLYMAN DEVERIN: ELEC, a couple of years ago, said you could close out the account, and put it into an account and save it until the next election.

DR. HERRMANN: Correct. You can do that.

ASSEMBLYMAN DEVERIN: You can do that, and you don't have to report--

ASSEMBLYMAN HAYTAIAN: And what is the reporting between the time--

ASSEMBLYMAN DEVERIN: There isn't any. That is the point I am trying to make. If you make the reporting continually, that can't happen.

ASSEMBLYMAN HAYTAIAN: (speaking above Assemblyman Deverin; first part of sentence indiscernible) --we are reporting and some people are not?

DR. HERRMANN: Yeah, I am afraid that is the case. Those who are reporting--

ASSEMBLYMAN HAYTAIAN: So the media never reports on it, because they don't know where the hell it is.

DR. HERRMANN: No, we don't either.

ASSEMBLYMAN HAYTAIAN: So, there may be people out there who have accounts that no one knows about.

DR. HERRMANN: Oh, it's worse than that. Let's say you were in the Assembly for 30 years, and then every two years you had \$10,000 left and you put it in a private account for future use some day. You would have a huge nest egg there.

ASSEMBLYMAN HAYTAIAN: Well, why don't we look at those people? Let's find out who closes out their account with money in it.

ASSEMBLYMAN DEVERIN: That is not the way ELEC told us to do it, or did it. The only reason-- In fact, ELEC suggested that we do it, if you want to know the truth, so there wouldn't be any more reporting -- unnecessarily reporting something when there is no expenditure. And that we should keep a journal. Then when the new campaign opened, you would put it back into the campaign. Don't put an onus on everybody in the goddamned place by saying things like that, for crying out loud.

ASSEMBLYMAN HAYTAIAN: No, no, no, no. I just want to understand what is happening, because--

ASSEMBLYMAN DEVERIN: That is one of their rules. That is not a rule we wrote. That is one of ELEC's rules.

ASSEMBLYMAN HAYTAIAN: What I just heard was that you can close out an account if there is money remaining.

DR. HERRMANN: Right, yeah, if you say you will use it for future campaigning.

ASSEMBLYMAN HAYTAIAN: And there is no reporting from that time until the future campaign. I am not putting an onus on anybody, Tom. I just want to clarify.

ASSEMBLYMAN DEVERIN: But as I remember it, the way you would do it-- You were supposed to keep a journal on the expenditures. That was available for you to look at any time you--

DR. HERRMANN: Oh, not necessarily.

DR. ROSENTHAL: Do any of the suggestions that we are making fall into this?

DR. HERRMANN: What we want to do is, we don't want to have a situation-- I am not even saying this is being abused. I am just saying that theoretically, you can end your campaign at \$10,000 and say you would use it for some future campaign. And I would say that in most instances, it does show up in some future campaign. But it doesn't necessarily have to, or some of it might, and some of it might not. We are not casting aspersions on anybody. We are saying we are trying to set up a system which is fair, where there is reporting, and the answer to this is simply just to have continuous reporting until there is no money left.

DR. ROSENTHAL: Continuous reporting.

DR. HERRMANN: Yeah, which is what you have been saying.

ASSEMBLYMAN DEVERIN: That is the simple answer.

ASSEMBLYMAN HAYTAIAN: That is what we are saying. I agree with that.

DR. ROSENTHAL: We have resolved that.

MS. SHEEHAN: We have resolved that with our work committee.

DR. HERRMANN: Yeah, I think we have already solved that one.

DR. ROSENTHAL: Okay. Well, I mean, the issue now is, you know, what expenses should be permissible from the campaign account?

DR. HERRMANN: Yeah.

DR. ROSENTHAL: Now, what are the general rules or guidelines of the Joint Committee on Ethics?

MS. HOCHMAN: What has happened with the use of the surplus campaign funds, or excess campaign funds -- and sometimes even saying they are campaign funds, because sometimes they are CPC funds as well that are surplus-- But in any case, these excess funds-- The Joint Committee had made a determination, back in 1984, if there was a provision in the Conflicts of Interest Law and the Code of Ethics for members of the Legislature which would appear on its face to prohibit the use of these excess funds for legislative purposes-- If I can recollect the exact language of what that particular provision is, it basically prohibits the use of funds from a source other than the State for matters related to your official duties. And that was interpreted by the Joint Committee as to possibly prohibit the use of these funds for district office purposes or for anything else, and that is statutory.

What they had determined was that since this matter had not yet been addressed by a statute, they would hold any violation technical until the matter could be addressed by statute. That was back in 1984.

There is also another consideration, and that is a constitutional consideration. I believe there is a provision in the Constitution. It basically says that legislators shall receive a set amount of money for their service in the Legislature, and nothing else. It may be argued -- and I am not sure whether this would be a valid argument or not; it is just a possibility -- that if additional funds from sources

other than the State were used for official purposes-- An argument could be made that this is, in a way, additional legislative compensation, if large sums of money were being funneled into additional services, additional help in a district office, and it was no longer equal between the members of the Legislature. Those are existing provisions of law and the Constitution which could impact on this type of a statute.

ASSEMBLYMAN HAYTAIAN: Wouldn't you recommend then, Marci, that we solve this problem so that both ELEC and the statute that you operate under are consistent and not break them down, so legislators know what we can and what we cannot do?

MS. HOCHMAN: ELEC has sort of taken a hands-off approach. The members of the Legislature have put bills in in the past and tried to make determinations as to what would be appropriate and how to use the surplus funds. And Fred sort of, you know, suggested that there were diametrically opposed viewpoints on this, and that is, in fact, what occurred.

Certainly, if the existing statutes and constitutional provisions were overcome, then, of course, the Commission could propose whatever changes it deemed were appropriate.

ASSEMBLYMAN HAYTAIAN: Even my bill, if it became law, would not solve your problem in the Ethics Commission -- Committee -- because of the statute that you cannot-- My bill does not address surplus funds for legislative offices. So, it would not solve that problem.

MS. HOCHMAN: Well, assuming the Commission had made a determination that they would like to see surplus funds able to be utilized for official purposes, then, of course, any provision would have to be drafted in such a way as to make certain that it wasn't in conflict with either the Constitution, if that was the determination that was made, or the--

ASSEMBLYMAN DEVERIN: It would be a serious mistake to use surplus campaign funds for legislative offices. It would put some people in plush offices, and people who didn't have any surplus, or couldn't raise money, would be in handboxes. They wouldn't have the same staffs. In no way should we ever allow that to happen.

DR. ROSENTHAL: I would like to make a proposal that we recommend that surplus campaign funds be used for campaign purposes or for the various purposes in Assemblyman Haytaian's bill, but not for legislative purposes or purposes of conducting legislative business. In other words, I would come down on the side of not using campaign funds for district offices, for trips to Nashville, for anything where it is expected that the Legislature in the State should pay, which is the interpretation currently given by the Joint Committee. I would, you know, introduce a proposal that that be recommended.

ASSEMBLYMAN HAYTAIAN: Alan, could a legislator take his or her \$35,000 salary and put it into the legislative office?

UNIDENTIFIED MEMBER OF COMMISSION: No.

ASSEMBLYMAN HAYTAIAN: I don't know if the answer is that simple. I think they could.

DR. ROSENTHAL: Currently, can they?

ASSEMBLYMAN HAYTAIAN: I think so, yeah.

MS. HOCHMAN: The Joint Committee has never--

ASSEMBLYMAN HAYTAIAN: Isn't that an inequity? I mean, I don't have \$35,000 that I could put into my legislative office, but--

MS. HOCHMAN: The Joint Committee has never formally determined that, but they have always felt that you can't corrupt yourself in that sense. I mean, the reason for the prohibition in the law was that it was a potential undue influence, because you would be receiving sources from other

than the State -- sources other than yourself, as well, which may, you know, expect a quid pro quo.

The Joint Committee has never indicated that you would not be able to use your personal funds.

DR. ROSENTHAL: In other words, let's say the Legislature decides there is no money to go to a NCSL annual meeting. My feeling about that-- Yeah, I don't like this. My feeling about that is, you can't take it out of the campaign fund because that is not the purpose of the campaign fund. But if you want to, you know, take it out of your pocketbook, you can go and travel to Nashville or to Orlando or to wherever the annual meeting is, and I guess I would feel the same way about putting money into your district office.

It just seems to me that the campaign fund ought to be-- It is raised for the purposes of the campaign, and it ought to be used for the purposes of the campaign. And that is a fairly broad purpose.

ASSEMBLYMAN HAYTAIAN: This year's money contributed-- (balance of sentence indiscernible)

DR. ROSENTHAL: Yeah. That is why the contributor presumably gave the money.

ASSEMBLYMAN HAYTAIAN: Tommy is concerned about the differences in campaign moneys. Can you imagine a very wealthy legislator who has "X" amount of dollars who can put a lot of money into a legislative office? Isn't that an inequity?

DR. ROSENTHAL: It's possible; it's possible.

ASSEMBLYMAN DEVERIN: I don't think that is allowed. What is the organization-- What is the name of the group who runs the campaign offices?

DR. ROSENTHAL: Well, is it allowed, or isn't it allowed?

MS. HOCHMAN: Presently, the Joint Committee determined that it was inappropriate to use surplus campaign funds. They have never formally determined about individual funds, but we--

ASSEMBLYMAN DEVERIN: I don't think you have to determine that, because-- What is the name of the group that handles the campaign offices -- the legislative offices? At the moment, the name--

ASSEMBLYMAN HAYTAIAN: The Office of Legislative Services.

ASSEMBLYMAN DEVERIN: Okay. They have to approve every rental and it is rented by them, so you can't rent an office and then say, "Okay, the State will pay \$900 and I will give you \$900 more." They won't approve that. You can only have--

DR. ROSENTHAL: But you can pay for typewriters, or whatever.

ASSEMBLYMAN DEVERIN: Goddamn it, they told me they didn't do that, you know.

ASSEMBLYMAN HAYTAIAN: Suppose that person -- that legislator -- wanted to hire someone to work in his legislative office with his own funds? He can do that.

ASSEMBLYMAN DEVERIN: You can do that, yeah.

MS. SHEEHAN: But that does not impact the contributors' dollars. You know, if I contributed to his or her campaign, my dollars are not going for a State office or whatever. They are limited to the campaign.

DR. ROSENTHAL: I think, Assemblyman Haytaian, what you are pointing to is that it is better to be rich than poor. You know, when you've got money, you can do--

ASSEMBLYMAN HAYTAIAN: I thought that--

DR. ROSENTHAL: Do you want to have a vote on that?
(laughter)

SENATOR ORECHIO: Yeah, you mentioned that if somebody is affluent. If he decided that he wanted to put 12 hours a day into his office, he has an edge over anybody else.

DR. ROSENTHAL: Sure.

SENATOR ORECHIO: Because you are more affluent, you can do that. What difference does it make if you spend money to enhance your office? I mean, you can entertain every county person everyday for lunch or dinner, for example, out of your own pocket. You can do it. So you are in better shape with your constituents than your competitors, or your colleagues. There is nothing wrong with that.

DR. ROSENTHAL: Well, I would--

ASSEMBLYMAN DEVERIN: Yeah, there is something wrong with that. There is something wrong. Everybody should have the same advantage.

SENATOR ORECHIO: But everybody is not the same.

ASSEMBLYMAN DEVERIN: Once you are elected to a public office, you are the same. You know, if you are the Mayor of a town, you can't build a goddamned city hall and make it elaborate for yourself. You shouldn't have any more advantage than the other guy has.

SENATOR ORECHIO: If you have your own money, why can't you?

ASSEMBLYMAN DEVERIN: Well, if you do-- It just doesn't seem fair to me, that's all.

DR. ROSENTHAL: Yes, Michael?

MR. COLE: I agree with you, Alan. I think there is enough pressure to raise money for campaigns, without adding to it the pressure to raise money to run an office.

DR. ROSENTHAL: Well, I would like to-- If I could get that proposal in the language--

UNIDENTIFIED MEMBER OF COMMISSION: Do you have the language?

MR. BURSTEIN: If you have the language, I have the proposal. (Chairman consults with Aide here for a moment)

DR. ROSENTHAL: Wait. We've got to formulate a proposition that includes the use of surplus funds. That would be that surplus campaign funds--

MR. EDWARDS: Alan, can we just say "contributions to committees," because without "contributions to committees" in there-- "Surplus funds," to a lot of people, means absolutely nothing. It is like calling a transfer a transfer, instead of a contribution.

DR. ROSENTHAL: "Contributions can be used for--"

MR. EDWARDS: "The following purposes."

DR. ROSENTHAL: Okay, okay. "Contributions to legislators' campaign committees--"

MR. EDWARDS: Well, I would propose-- I think you could cover any committee, frankly.

DR. ROSENTHAL: The legislators' campaign committees can be used for campaign expenses, charitable contributions, to reimburse contributors, or-- What was the other thing?

ASSEMBLYMAN HAYTAIAN: Overhead expenses.

DR. ROSENTHAL: Or overhead expenses.

ASSEMBLYMAN HAYTAIAN: Campaign-related expenses; overhead expenses, contributions to charity; contributions to other committees; refunds to contributors. The only thing you don't want in there is ordinary and necessary expenses of holding public office.

DR. ROSENTHAL: But not the expenses of holding legislative office.

MR. COLE: Just leave that out.

UNIDENTIFIED MEMBER OF COMMISSION: Of buying a ticket for a cocktail party.

DR. HERRMANN: Well, usually it would be somebody's campaign, so it would be a political contribution, and that would be okay.

DR. ROSENTHAL: You can use it for everything, but not-- I want to make it specific; I want to make it clear.

MR. COLE: Yeah, but you also can't use it for your own personal purpose.

DR. ROSENTHAL: No, no, right.

MR. COLE: So there are a lot of things you can't use it for.

DR. ROSENTHAL: Okay, leave it out.

MR. COLE: So we're stating what you can.

MR. DeMICCO: Michael, are you suggesting we just proscribe the uses?

MR. COLE: Yes.

MS. SHEEHAN: We already have that up to the \$5000.

MR. DeMICCO: Proscribe-- (balance of comment indiscernible here)

MR. COLE: Pre -- prescribe.

DR. ROSENTHAL: Prescribe.

MR. BURSTEIN: Prescribing, so that you know that those are things you can use it for; the only things you can use it for. (everyone on Commission speaking at once here; not able to transcribe)

ASSEMBLYMAN HAYTAIAN: Alan, what happens if -- and we all, I believe, do it -- I take out -- I buy a page for the PWL football in Hackettstown program book? That is not allowed now, is what you're saying. It is not a charity.

MR. COLE: It's not a charity?

ASSEMBLYMAN HAYTAIAN: No, it's not.

ASSEMBLYMAN DEVERIN: Yeah, but it is-- Wait a minute, that's campaign advertising.

DR. ROSENTHAL: I would think that would be campaign related. I would think that is not legislative office.

ASSEMBLYMAN DEVERIN: Campaigning is getting your name before the public and public appearances. If you spend money for an ad in a book that 10,000 people are going to read, that is a hell of a bargain for \$200.

DR. ROSENTHAL: Yeah, life is a gray, muddy area, but I would think that would be campaign related. I mean, you can argue that anything is campaign related.

MR. BURSTEIN: That's true.

MS. SHEEHAN: The same way as Tom's question: If you buy a \$200 or \$500 ticket to anybody else's campaign, that comes under the PAC transfer--

DR. ROSENTHAL: That's right, that's a contribution, which is legitimate. I mean, I think you don't want the money used for personal expenses, and you don't want the money used for expenses that are legislative in nature that the State and the Legislature should be paying for.

MR. DeMICCO: Alan, that is why, based on what you just said, I would suggest that the question be worded to proscribe, not prescribe, then, because it is clear, from a regulatory point of view what you are prohibiting, because you just defined what you can't do with it, and it is clear.

DR. ROSENTHAL: But there may be other things you can't do with it that I haven't thought of. I mean, these are the obvious things, but not all of the things that Gregg Edwards can figure out.

MR. BURSTEIN: The prohibitions may not be sufficient in number to cover all situations. We've got to think of this in terms of reference to a law that somebody is going to look at and interpret someday.

DR. ROSENTHAL: Right.

MR. BURSTEIN: But if you put it from the standpoint of prohibitions, you may not think of all of the prohibitory uses, whereas if you prescribe, "This is what you can use it for" -- period--

DR. ROSENTHAL: But, for the purposes of the Commission report, we are intending to proscribe these things, and that can be in the language, see. (Chairman consults with Aide here)

Chuck, could you just list the provisions in your bill for what campaign contributions can be spent on?

ASSEMBLYMAN HAYTAIAN: Campaign-related expenses; overhead expenses; contributions to other committees; refunds

to contributors; contributions to charity. That is all you wanted to talk about. The last one is--

SENATOR ORECHIO: Now I have a question.

DR. ROSENTHAL: Yes, sir?

SENATOR ORECHIO: You mentioned where the State is obligated to provide expenses where it is a trip or a conference or something. There are times when the leader of a house may press sort of an austerity move, and as a result will not provide funds for attendance at a NCSL or a CSG meeting. Why shouldn't there be some circumstances made available for somebody to tap the funds for that purpose only when there is some sort of a fiscal crisis when he or she can't go? It is a related business trip with respect to your function as a legislator.

MR. COLE: Yeah. I suspect, as has been said, you can argue that visibility at a national conference as campaign related. If visibility going to a local PAL is, why not a national conference?

MS. HOCHMAN: There is an actual exception in that for the law, because the law specifically, while it prohibits the receipt of funds from a source other than the State for matters related to your initial duties-- Except for travel and distance expenses -- the law specifically states that right now.

MS. SHEEHAN: But that is not more than Fred is proposing.

DR. ROSENTHAL: On that point, we are talking about-- We are not talking about State party committees and we are not talking about legislative party committees here?

SENATOR ORECHIO: Legislative meetings.

DR. ROSENTHAL: No, legislative party committees are not being limited.

MR. BURSTEIN: I thought we were only talking about--

MS. SHEEHAN: No.

DR. ROSENTHAL: Legislative party committees are not being limited in how funds can be expended. So you, as a leader, or as-- You can take money out of a legislative party committee campaign to pay your way. Okay. Read the question, please.

MR. PARISI: Okay. The question is: Shall the campaign contributions of an individual candidate be limited to only the following uses: 1) Payment of campaign-related expenses; 2) charitable contributions; 3) overhead expenses; 4) contributions to other candidates; and 5) refunds to contributors?

MR. BURSTEIN: Can we make that "campaign overhead expenses," so as to be explicit, rather than--

DR. ROSENTHAL: Yes, okay, good.

MR. EDWARDS: Or, overhead expenses related to the operation of the committee itself. So if your committee has an office or--

MR. COLE: That's okay.

MR. BURSTEIN: That's fine.

DR. ROSENTHAL: All right.

ASSEMBLYMAN HAYTAIAN: May I ask one question?

DR. ROSENTHAL: Yeah.

ASSEMBLYMAN HAYTAIAN: If candidate "X" can donate to the legislative leadership committee, called, in this case, ARM, and can contribute \$5000 to ARM -- or transfer \$5000-- Or, is it \$25,000? What was it? What did we--

DR. ROSENTHAL: Twenty-five thousand.

ASSEMBLYMAN HAYTAIAN: Twenty-five, all right. Okay.

DR. ROSENTHAL: To any of the party committees, anybody.

ASSEMBLYMAN HAYTAIAN: So, "Friends of Chuck Haytaian" can donate \$25,000 to ARM. ARM can now turn around and send Chuck Haytaian, or anybody else all around the country-- Is that what you're saying? I think that is wrong, because you've

got a loophole. You've opened it up, and a truck could go right through it.

We are trying to close the loopholes. That is what this bill was for, to close the loophole. We have just opened it up now. So now what?

UNIDENTIFIED MEMBER OF COMMISSION: How so?

ASSEMBLYMAN HAYTAIAN: The legislative party committee becomes the vehicle to open it up. Alan?

DR. ROSENTHAL: I think conceivably, but I don't think it is going to--

ASSEMBLYMAN DEVERIN: You are looking at the darkest scenario. How many are going to give \$25,000?

DR. ROSENTHAL: I don't think that will be the practice.

ASSEMBLYMAN HAYTAIAN: Look, we have to always look at the worst case or the best case scenario. I mean, that is how we are going to close the loophole. If you just say, "Well, only a few people," well, only a few people will take advantage of it.

DR. ROSENTHAL: I think what we are saying is, it is expected that campaign funds of candidates be used for campaign-related activities, and not for things that the State should be paying for. I would imagine there will always be ways, you know, given the kinds of staffs you have at your beck and call, and their ingenuity, there will always be ways of getting around this. I mean, these people sit and plot constantly.

MR. EDWARDS: I would just give Chuck Haytaian the money to supply (indiscernible). That's what I would do.

ASSEMBLYMAN HAYTAIAN: I mean, if the State had the money to allow legislators to go to conferences-- I know in Senator Orechio's case, he was the Chairman of the CSG, and the State, I assume, wants a representative from New Jersey to be there, as the Chairman from New Jersey.

Now, what you're saying is, "Well, if the State doesn't have the money, he can't go, and if he doesn't have the money himself, he can't go."

DR. ROSENTHAL: I happen to think that the State has the money, and it is important enough for the State to pay for it. And it doesn't matter what the press says, or anything else. You guys should go to conferences because that is important.

ASSEMBLYMAN HAYTAIAN: But that is up to the legislative leadership.

SENATOR ORECHIO: Except the leadership--

ASSEMBLYMAN DEVERIN: The only-- Listen, we used to go on trips. Everybody went on a convention, damned near, everybody, the Chairman. All of a sudden, it gets some bad press, and now none of us go on trips. The money is there. I guarantee it is there.

DR. ROSENTHAL: It is the backbone that isn't there.

ASSEMBLYMAN DEVERIN: If those stories didn't run in the paper, there would be nobody here. They would all be in Nashville, except me, because I don't fly. I hate to fly. But most of the guys would be in Nashville today, you know.

SENATOR ORECHIO: That's where Donny is. (laughter)

DR. ROSENTHAL: Yeah. Shall we call the roll on that question?

MR. PARISI: Okay.

DR. ROSENTHAL: Do you want to read it first?

MR. PARISI: One final reading of the question: Shall campaign contributions of an individual candidate be limited to only the following uses: 1) Payment of campaign-related expenses; 2) charitable contributions; 3) the overhead expenses related to the operation of the campaign committee; 4) contributions to other candidates or other political committees; and 5) refunds to contributors?

DR. ROSENTHAL: Call the roll.

MR. PARISI: Okay. Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Yes.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Senator Orechio?

SENATOR ORECHIO: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Patricia Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Michael Cole?

MR. COLE: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes.

I think we are at the point of disclosure, where I think we have a lot to do, and I think as long as we are here we ought to do it and see if we can get through the agenda at this meeting.

A number of the questions, as formulated under disclosure, are questions that are based upon recommendations that have been made by ELEC in the past. For example, number one might be: Should political committees -- continuing political committees be required to disclose to ELEC the names and mailing addresses of the persons controlling those committees and the names and mailing addresses of the employers of those persons? This is a recommendation of ELEC, I take it.

DR. HERRMANN: Yes.

DR. ROSENTHAL: Any discussion? Should these committees be required to have names which reflect their political interests and objectives? This is the fair labeling.

DR. HERRMANN: Right.

MR. STANTON: I take it just the name of a -- a generic name like (indiscernible) PAC, I guess.

DR. HERRMANN: Well, something--

MR. STANTON: That doesn't say all the objectives made. It just says who it is.

DR. HERRMANN: Right, yeah. That really isn't the problem. The problem is that a committee that has a name like, "Committee for a Better Garden State," or something like that, which tells you nothing really--

MR. STANTON: Or a "Six-PAC."

" DR. HERRMANN: Well, that might tell you something.

MR. STANTON: That might tell you something.

ASSEMBLYMAN DEVERIN: Fred, for instance, if there is a thing called, "Big PAC"--

DR. HERRMANN: Yes?

ASSEMBLYMAN DEVERIN: What do you want to know about "Big PAC"?

DR. HERRMANN: Well, all we want to know, Assemblyman--

ASSEMBLYMAN DEVERIN: What should we know about "Big PAC"?

DR. HERRMANN: I think, Assemblyman, what the public would want to know about "Big PAC" is, who or what is "Big PAC"? We have suggested probably the best way we think to get at this, for constitutional reasons, is to require that an entity like "Big PAC" tell us who their Board of Directors are, who they work for, who their contributors are, which we currently get, but not who the contributors work for. With that kind of information, as well as giving us some sense of what type of PAC they are -- a union PAC, a corporate PAC, an ideological PAC. The public would then have some sense of what this entity is. Because without that, you really don't have disclosure.

Today we have many committees. A lot of them are on this list in terms of their names. We even talked about one

earlier, and everyone said, "Is this a county committee, or is this something else?" We don't know. You can look at the report of that kind of a committee and you can see who the contributors are and you can see how they spent their money, but you don't know who they are.

Now, if they were required to give us more information, then we would have some sense of who they are, and it would be meaningful to know who they were supporting, because we would know what their interests were.

ASSEMBLYMAN DEVERIN: We should know not who they are supporting, but what their purpose is--

DR. HERRMANN: Yes?

ASSEMBLYMAN DEVERIN: There was a PAC a couple of years ago that was formed to do away with helmets on motorcycle drivers.

DR. HERRMANN: Yeah.

ASSEMBLYMAN DEVERIN: Nobody knew what the hell the name of that was; Hat PAC, or something, but nobody knew what that was.

DR. HERRMANN: Yeah.

ASSEMBLYMAN DEVERIN: We ought to know what their purpose is.

DR. HERRMANN: Exactly. Let me give you an example: Let's say we had an entity called, "Happy PAC," and under what the Commission is interested in doing, Happy PAC would have to tell us who their Board of Directors were. Maybe there would be five people who would be calling the shots. We would get their names; we would also get the fact that they all worked for the Hula Hoop Corporation. Then we would look at the contributor list, and not only would we get the names and the home addresses, but we would get who the contributors work for.

If we saw that maybe 80% of the contributors to Happy PAC were Hula Hoop employees, we could put all of that information together, and say, "Gee, Happy PAC must be the Hula

Hoop industry." That is the sense of where we want to go with this. It can be done quite simply, but in terms of disclosure, it would just open up a new world. I mean currently, again, if you look at our list of 250 entities, there are a lot of those entities where you don't have any idea who or what they are.

MS. SHEEHAN: I was just going to say that I couldn't agree more that we want identification and purpose. But I don't think we want to require 18 tons of detail to get that identification and purpose. For example, in terms of corporate PACs, you want to know what the corporation is, and maybe the chairman and maybe the treasurer, but you don't want to ask the 29 people who are on the board, because maybe they change every year. Maybe it is a one-year term or a two-year term.

Similarly, you know, I don't think corporations, in particular, because I don't know enough about a trade association or ideological PACS, but in terms of corporations, you just can't ask them for that kind of detail. You want to find out that the Hula Hoop Company is financing this PAC and that members, by and large, are from that particular company, they are based there, and so on. But to ask for list after list of names that have to be reported every other year when they change or move or whatever, you will end up as you are now, overwhelmed with so much detail that you "can't see the forest for the trees." I think you want to get specific for identification.

DR. ROSENTHAL: Yeah. Michael?

MR. COLE: But passing disclosure, you want more than disclosure. You want to be able to force them to use a different name, right?

DR. HERRMANN: Well, originally-- We did a lot of research on this and we had some conversations with Assemblyman Baer, who had a lot of very good questions about this. The original proposal we had a couple of years ago, was to require that they use a name. It would say who they are and also give

us some kind of a statement of purpose. Assemblyman Baer pointed out -- and I think he is right -- that that raises some constitutional questions, because-- Let's say they say, "Okay, our purpose is such and such," and then a year down the road they decide to give a contribution for some other purpose. Well, if we restricted them from doing that, it would create all sorts of problems.

A little more simply, I don't think-- Again, if we are talking about PACs and we are talking about PAC decision makers or boards of directors, I would imagine that the list wouldn't be more than 10 or 15 people, if that, and it would only be one page, and it would be a quarterly filing. Then if there were any changes in the board, it would just change the names. I don't think it would add a tremendous amount of additional detail to get that.

MS. SHEEHAN: But, why do you want it?

DR. HERRMANN: Well, we want to know who they are.

MS. SHEEHAN: You want to know that it is the Johnson & Johnson PAC.

DR. HERRMANN: Yeah.

MS. SHEEHAN: And, do you care that it is Pat Sheehan this year and Tom Stanton next year?

DR. ROSENTHAL: No, but there may be-- In Johnson & Johnson's case, it is obvious, but in many other PAC cases it isn't. You have to determine by the board of directors.

MS. SHEEHAN: But some entity has to be paying the freight, the mail, the expenses of the campaign. That is what you want to know.

DR. ROSENTHAL: No, no.

MS. SHEEHAN: Can you get that by asking?

DR. HERRMANN: Well, in terms of a major corporation, that is not the situation we are most concerned about, because it is going to be quite obvious. But in terms of a special interest group, a single-issue group, we've got to have some way of knowing who they are and who they work for.

Certainly the Commission doesn't want burdensome disclosure either, because I think, as you pointed out -- and I agree with you entirely -- if we get mountains and mountains of useless information, then we are not getting to the point. But I think a list of the decision makers-- In many PACs, you may be talking about one person, or two people.

ASSEMBLYMAN DEVERIN: You wouldn't want from Johnson & Johnson the Board of Directors of Johnson & Johnson, would you?

DR. HERRMANN: Oh, no, right.

ASSEMBLYMAN DEVERIN: You just want the guy or guys who run the PAC. Tom Deverin and Pat Sheehan run the PAC, and that's it.

MS. SHEEHAN: See, I mean, we've got 29 people, and we change often.

DR. HERRMANN: Is that the PAC board or the corporate board?

MS. SHEEHAN: That's the PAC board.

MR. STANTON: You're talking about things like statewide committees of scruple.

UNIDENTIFIED MEMBER OF COMMISSION: What the hell is that?

DR. ROSENTHAL: Then you need to know.

UNIDENTIFIED MEMBER OF COMMISSION: Maybe somebody knows; I don't know.

MS. SHEEHAN: You've got to have some sympathy for the guy who is filling out these reports, and not only for New Jersey; maybe for 18 other states.

DR. HERRMANN: Sure. Well, do you really think that to list 29 names and addresses is really that burdensome?

MS. SHEEHAN: What is burdensome is if you have 16 different sets of regulations and 16 different sets of time frames, and then they start asking for different things.

DR. HERRMANN: Well, we wouldn't be doing that.

MS. SHEEHAN: And I don't think you care when it comes to a corporation.

DR. HERRMANN: No.

MS. SHEEHAN: You want to know the exact corporation. You don't care whether it is Pat Sheehan or Tom Stanton.

DR. HERRMANN: No, that's true; that's true.

MS. SHEEHAN: That is the identification. So why ask for--

DR. ROSENTHAL: I think the identification is necessary--

MS. SHEEHAN: That's right.

DR. ROSENTHAL: --for other groups where you don't have a corporate identity, where it is a little more ambiguous.

MS. SHEEHAN: Well then you have to, you know, try to frame the question that gets at that.

ASSEMBLYMAN HAYTAIAN: Maybe now Pat understands when I am talking about the legislators being bookkeepers. This is what causes it. I can't hand it out, but I have a proposal on disclosure. By the way, 1 a., 1 b., and 1 c. do not really need any further detail; 1 d. -- we have taken care of that by what we have accomplished here today. And 1 e. is the constitutionally established ELEC and the minimal funding level.

I am not sure if you want more disclosure than that, because we have an awful lot under the law now. The only thing we don't have is the occupation of the person and the employer, unless we want to go to Social Security numbers also, because you could get a situation where F. Smith donates and Francis Smith donates and Frank Smith donates, and it could be the same person. You have no way of knowing, correct?

DR. HERRMANN: Yeah. I have been to committees a few years ago where that was proposed. There was a concern, but it was 1984. But since 1990, they wouldn't have to be that concerned anymore. I think it makes a lot of sense, because, as you say, if you get a name like Smith, Brown, Williams--

ASSEMBLYMAN HAYTAIAN: Sure.

DR. HERRMANN: --Sam Jones, it would be tremendous to have Social Security numbers.

ASSEMBLYMAN HAYTAIAN: When you get a Garabed Haytaian you don't have to worry about it, but when you get a Francis Smith you have to worry about who Francis Smith is.

DR. ROSENTHAL: Do I hear a-- Do you want to introduce a proposal, Assemblyman?

ASSEMBLYMAN HAYTAIAN: I would like to. I think we could require individual contributors of all types of committees to disclose occupation and employer, in addition to the other information already required by law. We could add to that, if Fred believes it is helpful, the Social Security number of the contributor.

ASSEMBLYMAN DEVERIN: Well, you know, it would have to be two parts then. Do you want to do it with \$100 or raise it to \$200?

ASSEMBLYMAN HAYTAIAN: Well, we haven't gotten to that.

ASSEMBLYMAN DEVERIN: Well, \$100 wouldn't be--

ASSEMBLYMAN HAYTAIAN: Anything over \$100 has to be--

DR. ROSENTHAL: Okay. This is for individual contributors. Fred, this is not covered by current law.

DR. HERRMANN: Any of the three?

DR. ROSENTHAL: No, 1 a.

DR. HERRMANN: Oh, 1 a.-- I don't know. No, it is not; not in New Jersey, no.

DR. ROSENTHAL: Okay.

MR. COLE: Marci reminds me that there may be some problem on the Federal side--

DR. ROSENTHAL: On the disclosure of the Social Security numbers?

MR. COLE: --on requiring mandating the disclosure of Social Security numbers.

DR. HERRMANN: Gregg just mentioned that to me, as well, so the attorneys are thinking it over.

ASSEMBLYMAN HAYTAIAN: Fine. Then let's just go with what I proposed. I just thought that would be an ideal way to help with that.

DR. ROSENTHAL: All right. Let's go-- The language of 1 a. is: "Requiring individual contributors to all types of committees to disclose occupation and employer, in addition to other information already required by law." Why don't we call the roll on that?

MS. SHEEHAN: May I just ask some questions?

DR. ROSENTHAL: Sure.

MS. SHEEHAN: One, is that at any level -- \$2, \$2000--

ASSEMBLYMAN DEVERIN: No.

ASSEMBLYMAN HAYTAIAN: The present law requires that it be listed if it is over \$100.

DR. ROSENTHAL: A hundred dollars, but we can change that.

ASSEMBLYMAN DEVERIN: We should change that.

DR. ROSENTHAL: We can change that, but whatever the--

ASSEMBLYMAN HAYTAIAN: We may do that.

MS. SHEEHAN: Okay. And my other question is: This refers to the individual contributor to any committee? We are not yet talking about the committee reports?

ASSEMBLYMAN HAYTAIAN: That is correct.

DR. ROSENTHAL: No, the individual contributor, not the PAC. That is in 1 b.

MR. PARISI: Okay, the question is, just to restate it: Shall the Commission require individual contributors to disclose occupation and employer, in addition to the other information already required by law?

Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Yes.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Patricia Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Mike Cole?

MR. COLE: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes.

ASSEMBLYMAN HAYTAIAN: Mr. Chairman, I would also recommend that we look at 1 b. and ask that same question: Shall we require continuing political committees -- CPCs or, as we know them, PACs -- to provide at the time they register, brief statements of purpose, and give ELEC the authority to require the names of the CPCs to reflect accurately their purpose and membership? Shall we also require candidate authorized committees to include the name of a candidate or candidates?

DR. ROSENTHAL: Now, a candidate authorized-- What is a candidate authorized?

ASSEMBLYMAN HAYTAIAN: Well, now that we have only one, that may have taken care of itself, because in the past--

ASSEMBLYMAN DEVERIN: Yeah, that's out.

ASSEMBLYMAN HAYTAIAN: For instance, Friends of "X" County Republican -- Friends of the "X" County Republicans-- That could be a candidate's campaign fund, and no one knows it.

DR. ROSENTHAL: But now we're-- Presumably a candidate will have his name on it.

ASSEMBLYMAN HAYTAIAN: Well, not necessarily.

ASSEMBLYMAN DEVERIN: He will only have one--

ASSEMBLYMAN HAYTAIAN: He can only have one, and it can be anything.

DR. ROSENTHAL: Require candidate committees to include the name of the candidate or candidates.

ASSEMBLYMAN HAYTAIAN: That is correct.

MR. COLE: I have a problem with giving ELEC the authority to require the name to reflect accurately.

DR. HERRMANN: So does ELEC.

MR. COLE: I think if someone lawfully doesn't have the right to use the name because it is the subject of copyright protection, or trademark protection, or if it is fraudulent or deceptive in character, there are probably legal remedies already available to deal with those incidents. It is a terrible burden, I think, to put on ELEC.

DR. HERRMANN: And also, as I raised before, we may have a constitutional problem with doing that.

DR. ROSENTHAL: If they provide a statement of purpose, and if you know that is not enough--

MS. SHEEHAN: You want some identification.

DR. ROSENTHAL: Right, but what about the--

DR. HERRMANN: Going back to what we were talking about with Ms. Sheehan, I think in the case of, say, a board of directors with 29 people like J&J, all we could require -- again, it is just a question of how you draft this -- would be key decision makers. So maybe J&J, in that instance, would give us the chairman, the vice chairman, and the treasurer of their PAC.

DR. ROSENTHAL: Their officers?

DR. HERRMANN: Yeah, their officers. You're absolutely right. We don't need 29 names. What we want to do is kind of zero in on what this PAC is. Now, in most instances, hopefully, most PACs would give themselves a name that would reflect who they are and would disclose. But we have had cases-- I have had reporters call me up asking, "What is this committee?" and I would say, "Gee, I don't know. Call them and I am sure they will tell you." The reporter would call me back a half an hour later, saying, "Well, I talked to the treasurer, and he won't tell me who they are." So it is a real problem.

DR. ROSENTHAL: What about-- Let me see if this language would-- "Require continuing political committees -- CPCs, or what are commonly called PACs -- to provide at the time they register brief statements of purpose and the names, occupations, and employers of officers, and require candidate committees to include the name of the candidate or candidates."

UNIDENTIFIED MEMBER OF COMMISSION: So move.

DR. HERRMANN: Assemblyman Cimino has legislation in -- and we helped him to draft the language -- which uses, I think, excellent language at this point to convey this. We don't require when they register-- Since they are quarterly committees, each time they file with us they would give us this information.

DR. ROSENTHAL: All right. Do you have the language?

DR. HERRMANN: Not with me. It's Assembly Bill No. 534, I believe.

DR. ROSENTHAL: Does this come close, because this is a first iteration. I don't think we know the exact language.

DR. HERRMANN: Yeah. The only thing was the registering -- you know, giving us the information at the time they register.

DR. ROSENTHAL: Why don't we just say, "to provide--"

DR. HERRMANN: Yeah, that would be fine.

DR. ROSENTHAL: "--brief statements of purpose," and then it could be worked out as to when they provide it?

DR. HERRMANN: I have been trying to recall what the language was. It was: "Provide to us the kind of committee you are, i.e., corporation, union, ideological group, and the names, home addresses, and employers of key decision makers." By that we could mean the officers--

DR. ROSENTHAL: This is approximate language. This isn't going to be in the bill, but I think--

DR. HERRMANN: Yeah, sure. I think you have the general sense.

DR. ROSENTHAL: Why don't you use this language, and then just change it later?

ASSEMBLYMAN HAYTAIAN: It would give this a statement of purpose then, I would hope.

DR. ROSENTHAL: I will read the language, and then we will call the roll on this one: "Require continuing political committees -- CPCs, or what are commonly called PACs -- to provide brief statements of purpose and the names, home addresses, occupations, and employers of officers or key decision makers."

DR. HERRMANN: Fine.

MR. STANTON: I think maybe "key decision makers"-- For instance, in our PAC, in bank PACs sometimes, in most PACs, I think, you wouldn't have the chairman or the president being an officer of the PAC.

DR. ROSENTHAL: Right.

MR. STANTON: It would be the chief financial officer; it would be the government affairs guy.

DR. ROSENTHAL: We're talking about the key decision makers of the PAC, not of the--

MR. STANTON: Yeah, but when it comes time to give out the money and so forth, I am a key decision maker perhaps, but I am not an officer of the PAC. Then you are into some very subjective things, when you say "key decision makers." I think you've got to go with "officers of the PAC."

DR. ROSENTHAL: All right, the officers. Okay, that's fine.

MS. SHEEHAN: A lot of states require the treasurers -- at least the treasurer.

DR. HERRMANN: That would be fine, too.

DR. ROSENTHAL: Al?

MR. BURSTEIN: The reference to CPCs, as defined in Title 19, includes State committees. Now, are you going to require that State committees provide this same type of information? That seems redundant.

DR. HERRMANN: No, no, you're right. We would not.

MR. BURSTEIN: So there has to be some--

DR. ROSENTHAL: State committees, legislative party committees, are separate entities for the purposes of--

MR. BURSTEIN: But you have to be careful about using the phrase, "continuing political committees," because that is all-encompassing.

DR. HERRMANN: Yeah, that's true. You are talking about special interest PACs and officeholder PACs; you are not talking about party committees. (conference among Commission members at this point)

DR. ROSENTHAL: I want to apologize to Fred, because we haven't gotten to the budget for ELEC yet.

ASSEMBLYMAN HAYTAIAN: Well, that is on page 2.

DR. ROSENTHAL: I know, but it is getting late. We may have to adjourn before we get to it.

ASSEMBLYMAN HAYTAIAN: We're not going to get there, huh?

DR. ROSENTHAL: All right, Mr. Parisi.

MR. PARISI: Shall the Commission recommend requiring CPCs to provide brief statements of purpose and the names, home addresses, occupations, and employers of officers, and require candidate committees to include the names of the candidate or candidates?

Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Yes, I think if you leave the PACs on there -- CPCs or PACs. Doesn't it say that?

MR. COLE: Commonly known as PACs.

ASSEMBLYMAN HAYTAIAN: Okay, fine.

MR. STANTON: I think he said that.

ASSEMBLYMAN HAYTAIAN: Okay.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Patricia Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Mike Cole?

MR. COLE: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes.

ASSEMBLYMAN HAYTAIAN: I have a third area, Mr. Chairman, again self-explanatory. There may be some questions about that, but it is done. It is not done on a regular basis, but I am not sure if you want to cover that -- 1 c. -- in what we are doing here.

ASSEMBLYMAN DEVERIN: The only question I have is: If the Cancer Society wants to run a luncheon and give you a plaque and say the award will be to Assemblyman Albert Burstein for humanitarian reasons--

MR. BURSTEIN: I accept.

ASSEMBLYMAN DEVERIN: I know, but he won't let you accept. He says you can't do that.

ASSEMBLYMAN HAYTAIAN: No, no, the Cancer Society is accepting the money, so that is not a problem. I'm talking about the--

ASSEMBLYMAN DEVERIN: Are they going to use his name?

ASSEMBLYMAN HAYTAIAN: That's all right, that is not a problem. The check is made out to the Cancer Society. I don't have any problem with that, because when they make out a check to--

MR. BURSTEIN: They are just using my name because of its tremendous drawing power.

ASSEMBLYMAN HAYTAIAN: When they make out a check to Assemblyman Tom Deverin and then you give that money, then I think that should be withdrawn.

ASSEMBLYMAN DEVERIN: I agree. I don't think they should put your name on the plaque either.

MS. SHEEHAN: You want the money to go through the officeholder's campaign committee?

ASSEMBLYMAN HAYTAIAN: Yes, that is correct; that is absolutely correct, because they are getting a benefit the other way, aren't they?

MS. SHEEHAN: But the Cancer Society, you know-- That is a money-raising tool for them. They use your name and honor you, but they want to raise money for that charity. Why would you want that to go into your campaign fund?

ASSEMBLYMAN HAYTAIAN: Well, Pat, let me explain what happens here: There are some folks who will raise money, and it is probably all for the good of the community, but they raise it in their name. Then they just give it to the charity. All I am saying is, if they are going to do that, then let it go through their one fund, or, if they are going to raise it for the charity, then let it be--

DR. ROSENTHAL: In the charity's name.

ASSEMBLYMAN HAYTAIAN: --to the American Cancer Society.

MS. SHEEHAN: Yeah, that is what I am talking about.

ASSEMBLYMAN HAYTAIAN: That's fine. No, that doesn't--

MS. SHEEHAN: I thought you said--

ASSEMBLYMAN HAYTAIAN: No, no.

MS. SHEEHAN: I'm sorry; I read it wrong.

ASSEMBLYMAN HAYTAIAN: As long as they-- If it goes to the charity directly, then there is no problem. But if it comes to Chuck Haytaian and Chuck Haytaian gives it to the charity, no. That is all I'm saying.

DR. HERRMANN: ELEC has supported that for years. It is important because, again, now we have contribution limits.

ASSEMBLYMAN HAYTAIAN: That's right.

DR. HERRMANN: If you can go out there and somebody says, "Here's \$50,000. Give it to cancer research later," you are getting a tremendous benefit, and there is an influence there. You've got \$50,000 and that is enough to get your name in the paper. We are not saying you can't do it, but it should be adequately reported.

ASSEMBLYMAN HAYTAIAN: Absolutely.

DR. ROSENTHAL: All right, you are offering that as a proposal. Do you want to call the roll on that?

MR. PARISI: Okay. Shall the Commission recommend prohibiting elected officials from raising money for any noncampaign purpose, except through their campaign committees? Is that it? (affirmative response) Okay.

Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: No, I think you changed that around. That just took the body out of it. No, no. I think that-- I think I want it, quite frankly, the way I had it: "Prohibit elected officials from raising money, except through their personal committee," or, "through their campaign committee." I don't want anything else in there.

MR. PARISI: All right.

ASSEMBLYMAN HAYTAIAN: If it goes through the American Cancer Society, there is no problem.

DR. ROSENTHAL: Okay. They can't raise money except through their campaign committees.

ASSEMBLYMAN HAYTAIAN: That is correct; exactly.

MR. BURSTEIN: But, Alan, that is not inherent in what we had adopted before.

MR. PARISI: Right, that is what I am thinking.

MR. BURSTEIN: Pardon?

MR. PARISI: That's what it seems to me--

MR. BURSTEIN: Yeah, I think we are really repeating what we had already adopted. We had made the restriction with respect to the campaign funding.

MR. EDWARDS: Except that it is still possible to do what Fred said. It is still possible for an officeholder to raise money and give it to a charity, and not have to--

ASSEMBLYMAN HAYTAIAN: It is outside the system. Al, it is outside the system.

DR. ROSENTHAL: It's outside.

ASSEMBLYMAN HAYTAIAN: It really is. It is something that does happen.

DR. ROSENTHAL: As long as you don't create a PAC to raise that money.

ASSEMBLYMAN HAYTAIAN: That's right.

MS. SHEEHAN: But if you were out there to raise money for the Cancer Society, even though you are an elected official, that is all right, and that is not referred to here, if all those checks go to the Cancer Society.

ASSEMBLYMAN HAYTAIAN: If they are made out to the American Cancer Society.

MS. SHEEHAN: Right.

ASSEMBLYMAN HAYTAIAN: That's right; no problem.

DR. HERRMANN: The honorary chairman, and they use your name.

ASSEMBLYMAN HAYTAIAN: That's right; that's no problem at all.

MS. SHEEHAN: Because they utilize-- They depend on that.

DR. ROSENTHAL: Then it goes into your campaign committee, and then you can spend the money, donate it to charity.

ASSEMBLYMAN HAYTAIAN: A candidate or an elected official has a testimonial dinner, and says that the proceeds of that dinner are going to a charity.

DR. ROSENTHAL: Right.

ASSEMBLYMAN HAYTAIAN: That check is made out to "Friends of Whomever," or to--

DR. ROSENTHAL: Your one committee.

ASSEMBLYMAN HAYTAIAN: Yeah. Well, the point is, it can be "Friends of" a person without a committee.

DR. ROSENTHAL: Right, but now it is going to be that committee.

ASSEMBLYMAN HAYTAIAN: It is going to have to be that committee; that is correct. So it is within the system.

MR. PARISI: Okay. The question is: Shall the Commission recommend that there be a prohibition on elected officials from raising money, except through their campaign committee?

Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Yes.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Pat Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Michael Cole?

MR. COLE: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes.

ASSEMBLYMAN HAYTAIAN: Mr. Chairman, I'd. we have taken care of; we have accounted for. And I e., I believe we should constitutionally establish ELEC and the minimum funding on.

DR. ROSENTHAL: Let me just defer that for a while, and, you know, get to their budget last, because we may not have time for it. (laughter) The whole purpose of the Commission is wasted. (discussion among Commission members here) When you have power, flaunt it.

ASSEMBLYMAN DEVERIN: Wipe them right out.

DR. ROSENTHAL: I think another issue is whether or not we change the amount which triggers disclosure. The current thrust--

MR. COLE: Alan, before you get to that, Assemblyman Haytaian's resolutions talked about what PACs can require of contributors to them. And we talked about what ELEC can require by way of information from PACs concerning officers. I don't think we have talked at all about what ELEC can require from PACs concerning contributor information.

DR. ROSENTHAL: What is the present?

DR. HERRMANN: I did mention it, yes. Currently, they have to tell us the names and home addresses of the contributors. What we would like to see, going beyond that, not only for PACs, but even for candidates, is that they at least tell us who they work for--

DR. ROSENTHAL: Isn't that covered by what we--

DR. HERRMANN: I think so, yeah.

MR. COLE: I think all that resolution covered is what the PAC--

DR. ROSENTHAL: You require individual contributors to all types of committees to disclose--

MR. COLE: To disclose to the PAC. Now we've got to get it from the PAC to--

MR. STANTON: All types of committees.

ASSEMBLYMAN HAYTAIAN: Yeah, but a PAC is a committee.

DR. ROSENTHAL: That is, contributors to all types of committees have to disclose to ELEC.

MR. COLE: To ELEC?

MS. SHEEHAN: No, that isn't what we did.

MR. COLE: That wasn't the resolution that was offered.

MS. SHEEHAN: Remember, I asked if we were to that point yet.

ASSEMBLYMAN HAYTAIAN: Doesn't that go to ELEC?

DR. ROSENTHAL: Fred, I a.-- Wouldn't that information be made available to ELEC?

DR. HERRMANN: Oh, yeah.

ASSEMBLYMAN HAYTAIAN: It is now, isn't it, other than the names and the addresses? That's all.

DR. HERRMANN: Right; that is correct.

MR. COLE: Alan, I would like to point out that at the time it was offered, Pat Sheehan asked whether we were dealing with what the committee had to disclose to ELEC, or simply with what had to be disclosed to the committee. I think she was told it was the latter.

DR. ROSENTHAL: Well, let's clarify that. I think-- What is the procedure then? I am giving to a PAC.

DR. HERRMANN: On the report, they give us your name and address if they have given more than \$100.

DR. ROSENTHAL: I would give them my name and address--

DR. HERRMANN: Or it would be on the check.

DR. ROSENTHAL: --and, you know, how much, and then they would report it to ELEC. So, that would go on.

DR. HERRMANN: Yeah, on the report.

MR. COLE: Yeah, I just think we should make it clear that that is what we envision.

DR. ROSENTHAL: All right, make it clear that that is what we mean.

DR. HERRMANN: Yeah, I think we should.

DR. ROSENTHAL: That is information that would be made available to ELEC.

DR. HERRMANN: I think, to clarify it, it is an across-the-board requirement for any contributor, whether it be to an individual candidate or a committee or PAC, that they would have to tell us who they work for.

DR. ROSENTHAL: Well, then, what about the disclosure levels in terms of-- Currently, it is \$100. Every contribution over \$100 has to be disclosed. The issue is,

should that level be raised to \$200, to \$500, or should it be left at \$100 or reduced?

ASSEMBLYMAN DEVERIN: It ought to be raised to at least \$200. The \$100 has been around for how long?

DR. HERRMANN: Since 1973.

DR. ROSENTHAL: Does anyone have a motion on this?

MR. STANTON: I make that motion.

DR. ROSENTHAL: A \$200 level? Is that a recommendation of ELEC?

DR. HERRMANN: Yeah, we recommended that. You might also consider quarterly -- having a CPI adjustment of the \$200, so that that doesn't-- I don't think you want to change it too often, but maybe every four years as part of that report that we do now on the gubernatorial elections. I think we talked about that about two weeks ago. When we talked about adjusting all the thresholds in the Gubernatorial Act, it could also adjust the threshold -- the reporting threshold perhaps.

DR. ROSENTHAL: Okay. Should the current threshold amount which triggers disclosure of contributions be set at \$200 and reexamined in terms of the cost of living increase on a quarterly -- on a quadrennial basis?

MR. STANTON: You can do that as part of the motion.

DR. ROSENTHAL: Pardon me?

MR. STANTON: Put that as--

DR. ROSENTHAL: Yeah, that is what I meant, as the motion. Frank will read it in a second. (pause here)

MR. PARISI: Shall the current threshold amount which triggers disclosure be raised to \$200, and should that amount be examined for CPI adjustment on a quadrennial basis?

Assemblyman Haytaian?

ASSEMBLYMAN HAYTAIAN: Yes.

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Patricia Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Mike Cole?

MR. COLE: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes. Now, do we want to do anything with voluntary or soft money contribution disclosure, the issue that was brought up before?

ASSEMBLYMAN DEVERIN: There is no way you could possibly control that.

MR. STANTON: I don't think we ought to. I think we ought to leave that alone.

DR. ROSENTHAL: I would rather move on to things--

MR. STANTON: Yeah.

DR. ROSENTHAL: --that can really be dealt with.

MR. STANTON: That can be quantified. Also, that might be interpreted as trying to stifle some volunteerism--

DR. ROSENTHAL: Right.

MR. STANTON: --which I think we don't want to do.

DR. ROSENTHAL: And it would.

MR. EDWARDS: I made a voluntary contribution to Senator McManimon's campaign last year, and when the value of it was placed upon it, it was fully another \$500. (remainder of comment indiscernible; not close enough to microphone) (laughter)

MR. BURSTEIN: It is so hypothetical, that I don't--

MS. SHEEHAN: Is there someplace that we are immune at least for disclosure purposes after independent expenditures--

DR. ROSENTHAL: I'm sorry?

MS. SHEEHAN: Independent expenditures, TV, printing, loans, that kind of stuff? I mean, that is where the big money is going, right?

DR. HERRMANN: Oh, yeah.

DR. ROSENTHAL: That is reported; it is reported.

ASSEMBLYMAN DEVERIN: When I had a primary one time, they got mad at me for something. I can't remember what it was; probably something I did that was not too smart. And they had people going all around knocking on doors. No way could you find out who they were or count them. There is no way you could ever do that.

MS. SHEEHAN: Oh, no, I am not talking about volunteers. I am talking about the printing of brochures.

ASSEMBLYMAN DEVERIN: Well, that is all reported.

MS. SHEEHAN: Oh, okay.

ASSEMBLYMAN DEVERIN: If they spend over \$1000, it has to be reported, yes.

DR. ROSENTHAL: That would be reported as a campaign contribution.

MS. SHEEHAN: The individual who is out there--

ASSEMBLYMAN DEVERIN: Yeah.

MS. SHEEHAN: The loose cannon?

ASSEMBLYMAN DEVERIN: For instance, the county committee, when they put up billboards with our names on them. They must report to them that they spent so much in the campaign, and I must report simply that I received such an in-kind contribution, or from the NJEA, or anybody else.

DR. ROSENTHAL: Are there any other major issues that we have not addressed on disclosure that we may be missing that ELEC has recommended?

DR. HERRMANN: I don't believe so. I think we have covered--

DR. ROSENTHAL: We are now getting to the strengthening of ELEC in terms of facilitating and ensuring disclosure, right?

MR. BURSTEIN: Wrong. Isn't there an issue still open that had been touched upon briefly as to the locale for

reporting requirements for the Attorney General's Office and ELEC?

DR. HERRMANN: Oh, that was lobbying.

MR. BURSTEIN: That is on the lobbying side only?

DR. HERRMANN: Yeah, yeah, that is where we had the bifurcated reporting.

ASSEMBLYMAN DEVERIN: You know, another report-- This business of reporting for the county clerk-- Now, I am not even sure that I understand why you do that. I was always under the impression that that was -- that you didn't have to report it; as long as it got here before 4:00, you could skip the county clerk. Everybody tells me I'm nuts. You have to do the county clerk and here.

DR. HERRMANN: Yes, that's true.

ASSEMBLYMAN DEVERIN: Which is the rule?

DR. HERRMANN: You have to have a filing in both places. What is a little confusing, and what I think you are referring to, is, if you file at 12 noon with the county clerk, they will send one copy to us automatically. But the big issue I guess you are addressing is, why do you have to file with the county clerk at all?

ASSEMBLYMAN DEVERIN: Especially when I live in one little town, and the county clerk in Middlesex really has nothing to do with this. But when I have to do it, I do it in Middlesex County.

DR. HERRMANN: Right. As a legislator, the regulation says that you file in the county in which you reside, if you are in a multicounty district. I think the reason for that, Mr. Deverin, is that for local reporters, and I guess even for the public in a county, they don't have to travel all the way to Trenton to look at a report.

ASSEMBLYMAN DEVERIN: All right, that makes sense.

DR. HERRMANN: I think it is sort of like having a branch library in your town.

ASSEMBLYMAN DEVERIN: But if you get here before 4:00, you still have to do it there?

DR. HERRMANN: Yes, that's true.

ASSEMBLYMAN DEVERIN: Okay.

DR. HERRMANN: But you can do both filings there before 12 noon.

ASSEMBLYMAN DEVERIN: Yeah, I know. Yeah.

MR. BURSTEIN: Or you can use the surplus funds to hire a limo to take you over there. (laughter)

MR. STANTON: An A-1 Cadillac -- stretch.

DR. ROSENTHAL: I think we are up to the point of--

UNIDENTIFIED MEMBER OF COMMISSION: The motion.

DR. ROSENTHAL: --ELEC, in terms of administration and enforcement. I think one of the proposals is that ELEC -- that there be a fee system, some sort of a fee system that would put ELEC on a more self-sustaining basis, where it would operate with a budget that would allow it to really make disclosure work.

The argument is that unless ELEC has an adequate budget, it doesn't matter what is filed and what is reported, it will never get out in any kind of meaningful form. So, it seems to me that a lot depends upon ELEC being able to operate effectively. Yes?

ASSEMBLYMAN DEVERIN: May I ask Fred a question? If there were a fee for filing and it could be paid either way -- the first filing, when you file your bank statement; for instance, when you open such and such an account with your treasurer -- that there would be a flat fee, and then for each subsequent filing there would be a smaller fee, or there would be one large fee and one fee of some amount, and you could pay a portion of it then and a portion of it when you made the four subsequent filings-- What kind of a fee are we talking about that would make any impact on the budget?

DR. HERRMANN: Well, what we have thrown out is that political action committees, party committees, and lobbyists would pay fees. Political action committees and the party committees would be given a percentage of what they raised in that quarter, or in that period -- 4%, 3%, or something like that.

ASSEMBLYMAN DEVERIN: They do it now.

DR. HERRMANN: No, they don't do that now. Now, in the area of lobbying, they are currently paying fees, and this is what Mr. Burstein was referring to before. There is a bifurcated system, and the Attorney General, as a matter of fact, just changed the fee, I think, from \$5 to \$100. I mean, there was a jump there in the fee they are collecting to cover their administrative overhead.

So, what we are talking about is, there are a lot of ways that this can be done, but we thought the simplest way would be-- We need a more adequate appropriation to get the job done. We thought we could offset that more adequate appropriation by collecting fees, and also by raising the fines, which haven't been raised since 1973; and then offsetting what the State gave us. But we could, under that kind of a system, have more money to do the job and save the taxpayers money by offsetting the taxpayer contribution by whatever we raise, which, depending on what the percentage was, might totally offset what it costs for running ELEC. But it certainly would cover a large percentage of our budget.

ASSEMBLYMAN DEVERIN: Have you ever talked about or thought about a fee?

DR. HERRMANN: Oh, yeah, we did, I guess, in White Paper No. 4, which Jeff Brindle put together about six months ago. We discussed what a fee might be, and I think we hit upon about 4% as what we thought would make up our current budget.

ASSEMBLYMAN DEVERIN: Four percent of the--

DR. HERRMANN: Four percent-- Well, for example, if I am a PAC and I raise in a quarter \$200,000, 4% of that would go to ELEC for administrative overhead.

DR. ROSENTHAL: I want to introduce a proposal, and that proposal is that, however we go -- fee system, regular appropriation -- but that proposal is that the Commission-- Shall the Commission recommend that the administrative capacity of ELEC be strengthened with increased appropriations so that it can adequately do the job of disseminating, or making available that information which is disclosed? I mean, I want to get the general principle down, whatever--

ASSEMBLYMAN DEVERIN: Regardless of how we do it.

DR. ROSENTHAL: Regardless of how it is done.

MR. STANTON: I think it is really a sine qua non, I mean, what we are doing here. If we don't do that, then we are wasting our time.

DR. ROSENTHAL: Yes, yes.

ASSEMBLYMAN DEVERIN: Because otherwise, we--

MR. COLE: I agree with that. I don't think we should be telling one section of the government how best to raise the money to fund ELEC. Everything would have to pass to the appropriation process anyway, so I think a statement of purpose that says, "We agree, let's see that ELEC is adequately funded"-- None of the reforms that are being recommended--

DR. ROSENTHAL: I think that is separate, but I would also like to discuss a fee system. I mean, I think we can recommend a fee system, and then they can turn it down or do whatever the heck they want, if we think that is proper. But I think that even if we don't opt for any particular system, or whatever we do, we've got to have the statement of purpose here.

MR. COLE: Yeah, I have no problem with the general statement.

DR. ROSENTHAL: Okay, well then we can--

MR. COLE: It's got to be adequately phrased.

ASSEMBLYMAN DEVERIN: The general statement should be done.

DR. ROSENTHAL: You got that? Shall the Commission recommend that the administrative capacity of ELEC be strengthened with increased appropriations -- by increased appropriations, so that the agency can make available, in a timely and effective manner, that campaign finance information that is disclosed?

MR. BURSTEIN: Alan, that is really only one part of the function of ELEC. The other is the enforcement part.

DR. ROSENTHAL: Okay, you can make a difference--

DR. HERRMANN: It's true.

MR. BURSTEIN: Alan, I think--

DR. ROSENTHAL: --and pursue enforcement activities.

MR. STANTON: Alan, is this important enough that perhaps that language should be worked on carefully? Maybe we could make that the first order of business. I think you have it all there, but you are talking about a very important aspect of this. Maybe the language should be treated in a very careful manner, and worked on.

DR. HERRMANN: I think just a general purpose statement would be--

ASSEMBLYMAN DEVERIN: We agree to that, but a statement in the final reporting-- Jazz up the statement.

DR. ROSENTHAL: We can clean it up a little bit. We will have a chance to go over the language in the final report.

MR. STANTON: Okay. I just don't want to--

DR. HERRMANN: Administrative costs, because Mr. Burstein has raised a very important point -- garbage in, garbage out.

DR. ROSENTHAL: The administrative capacity.

DR. HERRMANN: Yeah, that would cover it.

DR. ROSENTHAL: That covers enforcement. It covers, you know, whatever. We will clean it up, yeah.

ASSEMBLYMAN DEVERIN: You know, we ought to talk about a fee, too, I think.

DR. ROSENTHAL: Okay, but first let's get an agreement, if we have it, on the general principle. Do you want to call the roll, Frank?

MR. PARISI: Okay, let me just read the question: Shall the Commission recommend that the administrative capacity of ELEC be strengthened by increased appropriations, so that the agency can make available, in a timely and appropriate manner, the campaign finance information reported to it?

MR. STANTON: Did I miss the enforcement? I guess you covered that under "administrative."

MR. PARISI: Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Patricia Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Michael Cole?

MR. COLE: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes.

I think there are two more issues. You know, we may not agree on them. One is whether we should recommend the fee system and how specific we should get on that; and secondly, whether we should recommend any changes in penalties. So why don't we take up the fee system first, since we had started talking about that? You may think it is inappropriate to do so, but--

MR. COLE: The problem I have with it is, we are talking about an appropriation process, where the Legislature makes a decision and the Governor makes a decision on what the

general revenue of the State can be used for. For us to recommend a fee system-- Those fees only go into the General Treasury. If the Legislature wants to raise the revenue to fund ELEC through another means, that's well and good. We shouldn't be telling them how to raise the revenue of the State. Unless you are going to go further and say you want it constitutionally dedicated -- fees generated to ELEC -- to me, it-- All we are doing is saying, "You are going to raise--"

DR. ROSENTHAL: Fred, you may give that some--

MR. COLE: All you are doing is saying, "We recommend that general revenue be increased, in order that perhaps the priorities of ELEC can be dealt with in the appropriations process more readily."

ASSEMBLYMAN DEVERIN: If we set a fee thing-- If I set them a fee of \$100 for my filing, it has to be made out to the Treasurer of the State of New Jersey.

DR. HERRMANN: That would be right. It would go to the General Treasury.

MR. COLE: If it goes to the General Treasury, it has to be appropriated now.

DR. ROSENTHAL: Okay. I agree with you. I would not want to see an agency operating completely independent of the Legislature and the Governor. But I do think that the fee accomplishes a number of things. One is, it suggests a kind of revenue that is an appropriate revenue to be used for these kinds of purposes. I mean, it is appropriate that the money out of contributions fund the enforcement mechanism. It is appropriate. I am not saying nobody else will think of it, but it is appropriate.

MR. COLE: Alan, it is appropriate that the DMV fees fund DMV purposes, but they don't. All the money under our Constitution goes into one pot.

DR. ROSENTHAL: Oh, I understand that; I understand that. But then, you know, it is saying, "We are raising money

for this purpose, but we can use it for other purposes, too." The Legislature has the power, but implicitly you have the idea that the fee is going to be used generally for the purposes of ELEC.

MR. COLE: Well, then you are undoing something the Legislature and the Governor have been trying to go in the other direction towards.

DR. ROSENTHAL: They can do whatever they want.

MR. COLE: Let me finish, Alan. For the last 10 years, we used to have an Appropriation Act which was precisely as you are discussing. It used to appropriate, by language, fees raised by an agency.

Over the last 10 years, there has been a conscious effort by both the executive and the Legislature to put everybody on-line; to have the moneys come from the General Treasury, and to eliminate the language of appropriations. And I just think that as a matter of policy, for us to get involved in that area, is simply not our province.

ASSEMBLYMAN DEVERIN: But you would have no objection to-- If the Legislature set up the wording, you would have no objection to collecting a fee?

MR. COLE: If the Legislature thought that was an appropriate source of general revenue for the State, fine.

DR. HERRMANN: I think that is essentially what we are talking about.

MR. COLE: But I don't know why that is the province of this Committee.

MR. BURSTEIN: I think the point is, if they accept the recommendation just made as to the enhancement of their authority and their ability to do the administrative job, then the appropriation will follow, assuming that they accept what we are recommending in full. How they do it-- There are a variety of ways--

ASSEMBLYMAN DEVERIN: They can do it with a fee, right, if they have to?

MR. BURSTEIN: Yeah, they can, if they wish.

DR. ROSENTHAL: Usually, a Legislature, when-- It is nice when a Legislature decides on a program if it knows where the revenue is coming from, whether from general taxes or from some other method, even though it all goes into the pot and it all gets allocated however.

I think that in deciding on a program, it is helpful for a Legislature to feel that it is acting responsibly by saying, "Well, you know, there can be revenues for it."

MR. BURSTEIN: Well, that is something that Fred, in his testimony before--

DR. ROSENTHAL: Well, Michael and I disagree. Why don't we just sort of take a wide pursuit of the conversation. Do people want to drop the idea of recommending a fee, or do you want to recommend a fee? Let's just get a show of hands, and we can-- If everybody thinks we ought to drop it. Let's just drop it now.

How many people think we ought to pursue the recommendation of a fee, at whatever level? (show of hands here) Just one?

ASSEMBLYMAN DEVERIN: Well, no, I favor a fee, but I am not sure that we ought to -- whether it would do any good to make it a recommendation.

DR. ROSENTHAL: All right. Then, how many oppose the idea? (show of hands here) Okay, three or four. We'll drop it. We'll leave that.

ASSEMBLYMAN DEVERIN: There ought to be--

DR. ROSENTHAL: Under number 10, "Should the civil fines and penalties that ELEC can impose on violators of the Reporting Act be increased to promote compliance with disclosure?" Now, is this a-- Are there ELEC recommendations here?

DR. HERRMANN: Yes. I think it has recommendations for everything. Yes, we recommend-- First of all, the current

fees or fines go back to 1973, which is the year of the origin of the Commission. Inflation alone--

DR. ROSENTHAL: Penalties, not fees.

DR. HERRMANN: Penalties, yeah, but then we dropped that in.

DR. ROSENTHAL: I couldn't get you fees, Fred.

DR. HERRMANN: I tried to work it in; I tried to work it in.

DR. ROSENTHAL: I couldn't get you a constitutional amendment.

DR. HERRMANN: You tried. But, the penalties have not been changed since 1973. Currently, the first violation is a maximum of \$1000 -- I note maximum; it is not the minimum -- and \$2000 for the second and each subsequent offense. We think that should be--

ASSEMBLYMAN DEVERIN: What's the fee now?

DR. HERRMANN: Fines. One thousand dollars for a first offense maximum; \$2000 for second and each subsequent offense. We recommended that that should be tripled, just taking into account inflation.

DR. ROSENTHAL: Tripled -- three, six?

DR. HERRMANN: Yeah, and then be altered again maybe quarterly by inflation. Another situation that came up that we would like covered is the ability, if we are not given any disclosure information, to be able to assess a triple damage situation. For example, we had a situation about a year-and-a-half ago where a committee could not account for \$10,000 they had raised, and all we could do was fine them \$1000. So we could have the same situation where a committee says, "Gee, we have no idea-- We don't remember where that million dollars came from," and we would only be able to fine them \$1000.

So, we would like a situation where, if you cannot account for \$10,000, we can fine you \$30,000. In terms of the

committee I was talking about, after we subpoenaed them and went to various other things, at some point they remembered who the four contributors were, and we got the information.

But we think we need more of a stick in that kind of a situation, to say: "If you can't tell us where \$10,000 came from, you owe us \$30,000."

ASSEMBLYMAN DEVERIN: Fred, can they pay the fines out of the fund?

DR. HERRMANN: Oh, yes. A good question, Assemblyman. Yes, you don't have to pay it out of your pocket. That is a legitimate campaign expense.

MS. SHEEHAN: Are the fines -- the schedule of fines, the \$1000-- For example, is that up to \$1000 for being two days late, up to \$1000 for stealing the money? I mean, is there some kind of severity for--

DR. HERRMANN: No, no. I'm glad you asked that question. The average fine is about \$25 or \$50 for being, not even two days late. We're talking about maybe 20 days late; that sort of thing. We might hit you with a \$25 or a \$50 fine. If you are 300 days late, the fine would go up. If you had violated the law earlier, there would be an additional assessment. If you had not paid an earlier violation, there would be an additional assessment. If you have actually stolen money, that is a criminal offense, and we would just send it to the Attorney General for criminal prosecution.

The \$1000 max is for somebody who, after we have gone to them many, many times, absolutely refuses to file anything with us. Then we will fine them \$1000. But \$1000 is not what it used to be, and for somebody today who just refuses to totally file anything with the Commission, we've got to have more of a stick than that.

ASSEMBLYMAN DEVERIN: Do those fees go directly to you from ELEC?

DR. HERRMANN: That is a very good question. Yes, under the most recent appropriations bill, we are now allowed to keep the fine money. I would add that--

MR. EDWARDS: If Michael Cole wasn't there, they would be lying-- (speaking over Dr. Herrmann; indiscernible to transcriber)

DR. HERRMANN: I'm glad you're worried, actually. But actually, we get an appropriation--

MR. COLE: It is not going to lead to a separate appropriation.

DR. HERRMANN: We get the appropriation anyway. That is the extra money. We don't want to be in a situation where we are -- where there is an appearance that we are fining people more than we have to, to collect money for the Commission. We don't want that at all.

So, having a set appropriation at an adequate level for the Commission would be fine with us. Then, if we could keep or not keep the fine moneys would be similar to the fee issue. I think the major concern the Commissioners have is that we have enough money to do the job. We threw out the idea of fees as a possible way of getting the money, but our major concern was just having adequate money to do the job. Certainly if the Legislature and the Governor give us adequate money to do the job, we are not going to bicker about how we got the money.

MR. COLE: But, have there been a number of instances where the \$1000 maximum has frustrated the achievement of your goals?

DR. HERRMANN: I think so, yes. One example I gave you was that here is a committee that really knew, I think, where the \$10,000 came from; it just wouldn't tell us. They figured it was worth \$1000 to raise \$10,000. Of course, you could apply that principle to raising \$100,000. We have had a few court cases we have been involved in where we just couldn't

get people to report, and they already knew that the worst thing we could do was fine them \$1000.

MR. COLE: A couple of things: You talked about indexing the fines to inflation. Do you know of any other instance where that is done?

DR. HERRMANN: Many, I guess, national experts talk about indexing things in the law. Other states index things.

MR. COLE: Indexing now, in terms of indexing fines and penalties-- That's a new one on me.

DR. HERRMANN: It may well be. Specifically, I couldn't tell you right now if anybody else has indexed fines for inflation. It just seems to be good common sense, as the value of money goes down and we are paying more for everything else.

MS. SHEEHAN: You don't have any schedule of fines, though? All you have is up to \$1000?

DR. HERRMANN: Well, we do, but we don't make it public, because -- for the obvious reason that somebody would say, "Well, it helps them to beat the system if they want to." But, from time to time, the Commission sets fine scales internally, in terms of how many days late will generate what size fine. It depends. We will look at the election statistics. If people are extraordinarily late, we can adjust that. But again, it is reasonable. We are not talking-- When I say \$1000, that is not the typical fine. I mean, that's rare. Usually, you are going to be hit for a \$50 fine, a \$25 fine, a \$100 fine. The Commission is also--

A number of years ago, even before I started, they put in a system where if you paid your fine within 30 days, it was half.

DR. ROSENTHAL: I don't think we can get into the details of the administration of fines and penalties. Perhaps at this point it would make sense to again make a general recommendation, and that general recommendation would follow

the language of No. 10: Should the civil fines and penalties that ELEC can impose on violators in the Reporting Act be increased to promote compliance in disclosure, without getting into doubling, tripling, and who is going to get the money? Michael?

MR. COLE: That is always a very awkward point -- fine money being used to fund budgets. It theoretically drives people to fine violations.

DR. ROSENTHAL: I don't want Fred to leave here without his-- He comes in here expecting more money, and he loses his fine money because, you know, of your position.

MR. COLE: Well, we are recommending an appropriation here.

DR. ROSENTHAL: Do we have language? Oh, that's the level. I'll read the language: Basically should the civil fines and penalties that ELEC can impose on violators to the Reporting Act be increased to promote compliance with disclosure? Call the roll.

MR. PARISI: Okay. Assemblyman Deverin?

ASSEMBLYMAN DEVERIN: Yes.

MR. PARISI: Tom Stanton?

MR. STANTON: Yes.

MR. PARISI: Pat Sheehan?

MS. SHEEHAN: Yes.

MR. PARISI: Michael Cole?

MR. COLE: Yes.

MR. PARISI: Al Burstein?

MR. BURSTEIN: Yes.

MR. PARISI: Chairman Rosenthal?

DR. ROSENTHAL: Yes.

Have we not addressed anything that would be important from the point of view of ELEC and the administration of campaign finance?

DR. HERRMANN: Well, two areas that you haven't touched on, and I am sure you will, are: One, I think Mr. Burstein brought up, I think, the lobbying, that whole area.

DR. ROSENTHAL: We are going to deal with that under the ethics and conflicts of interest.

DR. HERRMANN: And personal financial disclosure, which, again, is overlapping with Marci's--

DR. ROSENTHAL: Ethics.

DR. HERRMANN: Yeah, yeah.

DR. ROSENTHAL: But there is nothing else having to do with campaign finance.

Now, the last issue here is fund-raising. It has to do with whether there should be limitations on fund-raising activities, primarily on when you can hold fund raisers; you know, what season, and stuff like that. There is also an issue of tax credits.

Just take a look at the last questions and see if there are any questions that you find important to address. I, personally, don't think we can, or should restrict fund-raising activities to any particular times of the year. I, personally, don't think that we should consider tax credits.

MR. STANTON: Yeah, the Federal knocked that out. That is a whole other issue.

DR. ROSENTHAL: I think we may have covered the--

ASSEMBLYMAN DEVERIN: I originally thought we ought to limit fund-raising. When you think about it, if you limit it to April to September, you would have a million fund raisers, and you've got to spread it out.

DR. ROSENTHAL: Yeah.

MR. STANTON: And sometimes there are natural things where you just reach a time to do it.

DR. ROSENTHAL: Usually, I mean, where they try to limit it -- and I am not even sure it is effective -- is where you have a concentrated legislative session; you know, a 60-day

session, and there are limits that you can't hold fund raisers during those 60 days.

MR. STANTON: Right.

DR. ROSENTHAL: And that doesn't work too well. Here, there isn't that kind of concentrated legislative session anyway.

MR. BURSTEIN: I think with the things we have done so far, with the resolutions we have adopted thus far, with the limits on contributions and so on, that a lot of the sting has been taken out of some of these other considerations. My own view is that none of the suggested limitations are appropriate.

DR. ROSENTHAL: Well, all right. I think we will be able to look at this -- at what we have done -- with a rationale for why we have done it, when Frank drafts that part of the report. That should be done in a couple of weeks. It will then be distributed to members.

As I mentioned earlier, at our meeting on the 26th, we will be going through the campaign finance, and perhaps the ethics part of the report as well. We will not need another meeting, so the next regularly scheduled meeting is August 24, instead of the 22nd -- August 24 at 1:00 to 3:30, which will be a discussion of ethics, conflicts of interest, a general discussion, and then we will meet again on the 5th and the 12th to try to reach agreement on ethics and conflicts of interest.

This meeting of the Ad Hoc Commission is adjourned.

(MEETING CONCLUDED AT 1:42 p.m.)

APPENDIX



State of New Jersey

ELECTION LAW ENFORCEMENT COMMISSION

NATIONAL STATE BANK BLDG., 12th FLOOR
28 W. STATE STREET, CN 185
TRENTON, NEW JERSEY 08625-0185
(609) 292-8700

OWEN V. McNANY, III
CHAIRMAN
STANLEY G. BEDFORD
COMMISSIONER
DAVID LINETT
COMMISSIONER
S. ELLIOTT MAYO
COMMISSIONER

FREDERICK M. HERRMANN, PH.D.
EXECUTIVE DIRECTOR
JEFFREY M. BRINDLE
DEPUTY DIRECTOR
GREGORY E. NAGY
LEGAL DIRECTOR
EDWARD J. FARRELL
COUNSEL

1989 STATE PARTY CONTRIBUTOR ACTIVITY:

CONTRIBUTIONS OF MORE THAN \$100

	<u>No.</u> <u>Contributors</u>	<u>Amount</u> <u>Raised</u>	<u>Average</u> <u>Contribution</u>
Democratic State Committee	392	\$ 787,398	\$2,009
Republican State Committee	697	\$2,271,298	\$3,259
TOTAL	1,089	\$3,058,696	\$2,809

SOURCE: Election Law Enforcement Commission 1989 Quarterly Reports of the Democratic State Committee and Republican State Committee.



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EXECUTIVE DIRECTOR

JEFFREY M. BRINDLE
DEPUTY DIRECTOR

GREGORY E. NAGY
LEGAL DIRECTOR

EDWARD J. FARRELL
COUNSEL

1989 LEGISLATIVE PARTY CONTRIBUTOR ACTIVITY:

CONTRIBUTIONS OF MORE THAN \$100

	<u>Number of Contributors</u>	<u>Amount Raised</u>	<u>Average Contribution</u>
Campaign '89	3,510	\$9,462,568	\$2,696
ARM '89	401	\$1,296,963	\$3,234
DAM '89	229	\$231,198	\$1,010
TOTAL	4,140	\$10,990,729	\$2,655

SOURCE: Election Law Enforcement Commission 1989 Reports of Campaign '89 and DAM '89 (Democratic) and ARM '89 (Republican) Legislative Party Committees.

LINE	PER	COMMITTEE NAME	DISBURSEMENTS TO OR ON BEHALF OF CAND
000	52	STATE INDUSTRIAL UNION	24,757.10
000	53	PROJENCT 150	25,000.00
000	54	PROJENCT 150	25,123.00
000	55	PROJENCT 150	25,140.00
000	56	PROJENCT 150	25,162.00
000	57	PROJENCT 150	25,180.00
000	58	PROJENCT 150	25,200.00
000	59	PROJENCT 150	25,220.00
000	60	PROJENCT 150	25,240.00
000	61	PROJENCT 150	25,260.00
000	62	PROJENCT 150	25,280.00
000	63	PROJENCT 150	25,300.00
000	64	PROJENCT 150	25,320.00
000	65	PROJENCT 150	25,340.00
000	66	PROJENCT 150	25,360.00
000	67	PROJENCT 150	25,380.00
000	68	PROJENCT 150	25,400.00
000	69	PROJENCT 150	25,420.00
000	70	PROJENCT 150	25,440.00
000	71	PROJENCT 150	25,460.00
000	72	PROJENCT 150	25,480.00
000	73	PROJENCT 150	25,500.00
000	74	PROJENCT 150	25,520.00
000	75	PROJENCT 150	25,540.00
000	76	PROJENCT 150	25,560.00
000	77	PROJENCT 150	25,580.00
000	78	PROJENCT 150	25,600.00
000	79	PROJENCT 150	25,620.00
000	80	PROJENCT 150	25,640.00
000	81	PROJENCT 150	25,660.00
000	82	PROJENCT 150	25,680.00
000	83	PROJENCT 150	25,700.00
000	84	PROJENCT 150	25,720.00
000	85	PROJENCT 150	25,740.00
000	86	PROJENCT 150	25,760.00
000	87	PROJENCT 150	25,780.00
000	88	PROJENCT 150	25,800.00
000	89	PROJENCT 150	25,820.00
000	90	PROJENCT 150	25,840.00
000	91	PROJENCT 150	25,860.00
000	92	PROJENCT 150	25,880.00
000	93	PROJENCT 150	25,900.00
000	94	PROJENCT 150	25,920.00
000	95	PROJENCT 150	25,940.00
000	96	PROJENCT 150	25,960.00
000	97	PROJENCT 150	25,980.00
000	98	PROJENCT 150	26,000.00
000	99	PROJENCT 150	26,020.00
000	00	PROJENCT 150	26,040.00

LINE	DESCRIPTION	AMOUNT
1	GOOD GOVERNMENT COMMITTEE FOR NEW JERSEY	51,500.00
2	JERSEY BANKERS PAC (JEBAPAC)	53,800.00
3	D-PAC	63,650.00
4	N.J. PROFESSIONAL INSURANCE AGENTS PAC	64,200.00
5	FIRST JERSEY COMMITTEE INC	67,250.00
6	SOUTHERN NEW JERSEY CHIPPORATIC PAC	73,300.00
7	MIDLAND STATE BANK PAC	73,705.00
8	PRIVATE ENDORSEMENT & LAW	73,000.00
9	SOUTH JERSEY CERTIFIED PUBLIC ACCOUNTANT	89,546.75
10	N.J. DAY ECONOMIC ACTION COUNCIL	99,900.00
11	UNITED AUTO WORKERS	99,900.00
12	UNITED HOSPITAL ASSOCIATION	100,163.00
13	HEALTH PAC	110,325.00
14	N.J. DENTAL PAC	112,250.00
15	NEW VISIONS FOR CHERRY HILL	112,250.00
16	N.J. ORGANIZATION FOR A BETTER STATE	126,750.00
17	N.J. CONFERENCE OF AUTO RETAILERS	154,122.45
18	CONFERRING ENGINEERS LOCAL 325 PAC & PEC	159,350.00
19	NEW JERSEY COUNCIL OF MULTI-HOUSING INDUSTRY	159,350.00
20	MULTI-HOUSING INDUSTRY	159,350.00
21	CONTRACTORS INC	159,350.00
22	FRIENDS OF JERSEY CITY INC	159,350.00
23	REPUBLICAN TRAIL LAWYERS	159,350.00
24	N.J. EDUCATION ASSOCIATION PAC	159,350.00
25	N.J. STATE LABORERS PAC	159,350.00
26	GREATER CAMDEN COUNTY	159,350.00
27	COMMITTEE INC	159,350.00

WHAT EACH ENTITY CAN GIVE

<u>FROM:</u>	<u>TO:</u>	<u>AMOUNT:</u>
Political Party Committees (State, County, Municipal)	Individual Candidate	No Limit
	Other Political Party Committees (State, County, Municipal)	No Limit
	Political Committee (PC)	No Limit
	Continuing Political Committee (CPC)	No Limit
	Legislative Leadership CPC	No Limit
<hr/>		
Political Committees (PC)	Individual Candidate	\$1,500 per election
	Political Party Committees (State, County, Municipal)	No Limit
	Other Political Committees	\$1,500 per election
	Continuing Political Committee (CPC)	No Limit
	Legislative Leadership CPC	No Limit
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Continuing Political Committees (CPC)	Individual Candidate	\$5,000 per election
	Political Party Committee (State, County, Municipal)	\$15,000 per year (proposed)
	Political Committees (PC)	\$5,000 per election
	Other Continuing Political Committees	No Limit
	Legislative Leadership CPC	No Limit
<hr/>		
Corporations or Unions	Individual Candidate	\$1,500 per election
	Political Party Committee (State, County, Municipal)	No Limit
	Political Committee (PC)	\$1,500 per election
	Continuing Political Committee (CPC)	No Limit
	Legislative Leadership CPC	No Limit
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Individual Contributor	Individual Candidate	\$1,500 per election
	Political Party Committee (State, County, Municipal)	\$15,000 per year (proposed)
	Political Committee (PC)	\$1,500 per election
	Continuing Political Committee (CPC)	No Limit
	Legislative Leadership CPC	No Limit

Legislative Leadership CPC	Individual Candidate	\$5,000 per election
	Political Party Committee	No Limit
	Political Committee (PC)	No Limit
	Continuing Political Committee (CPC)	No Limit

Individual Candidates	Other Individual Candidates	\$1,500 per election
	Political Party Committees (State, County, Municipal)	\$15,000 per year (proposed)
	Political Committees (PC)	\$1,500 per election
	Continuing Political Committees (CPC)	No Limit
	Legislative Leadership CPC	No Limit

WHAT EACH ENTITY CAN RECEIVE

<u>TO:</u>	<u>FROM:</u>	<u>AMOUNT:</u>
Legislative Leadership CPC	Individual Contributor	No Limit
	Individual Candidate	No Limit
	Political Party Committees	No limit
	Political Committees (PC)	No Limit
	Continuing Political Committees (CPC)	No Limit

Individual Candidates	Individual Contributors	\$1,500 per election
	Political Party Committee	No Limit
	Political Committees (PC)	\$1,500 per election
	Corporations or Unions	\$1,500 per election
	Continuing Political Committees (CPC)	\$5,000 per election
	Legislative Leadership CPC	\$5,000 per election

<u>TO:</u>	<u>FROM:</u>	<u>AMOUNT:</u>
Political Committees	Individual Contributors	No Limit
	Political Party Committees	No Limit
	Corporations or Unions	\$1,500 per election
	Other Political Committees (PC)	\$1,500 per election
	Continuing Political Committees (CPC)	\$5,000 per election
	Legislative Leadership CPC	\$5,000 per election

Continuing Political Committees (CPC)	Individual Contributors	No Limit
	Individual Candidates	No Limit
	Political Party Committees (State, County, Municipal)	No Limit
	Political Committees (PC)	No Limit
	Corporations or Unions	No Limit
	Other Continuing Political Committees	No Limit
	Legislative Leadership CPC	No Limit

There are no limits on what Corporations or Unions can receive from other entities.

There are no limits on what Individual Contributors can receive from other entities.

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