

P U B L I C   H E A R I N G

before

ASSEMBLY STATE GOVERNMENT AND FEDERAL  
AND INTERSTATE RELATIONS COMMITTEE

on

ASSEMBLY, NO. 1246

(Partial public financing of general  
elections for the Governor)

Held:  
March 28, 1974  
Assembly Chamber  
State House  
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

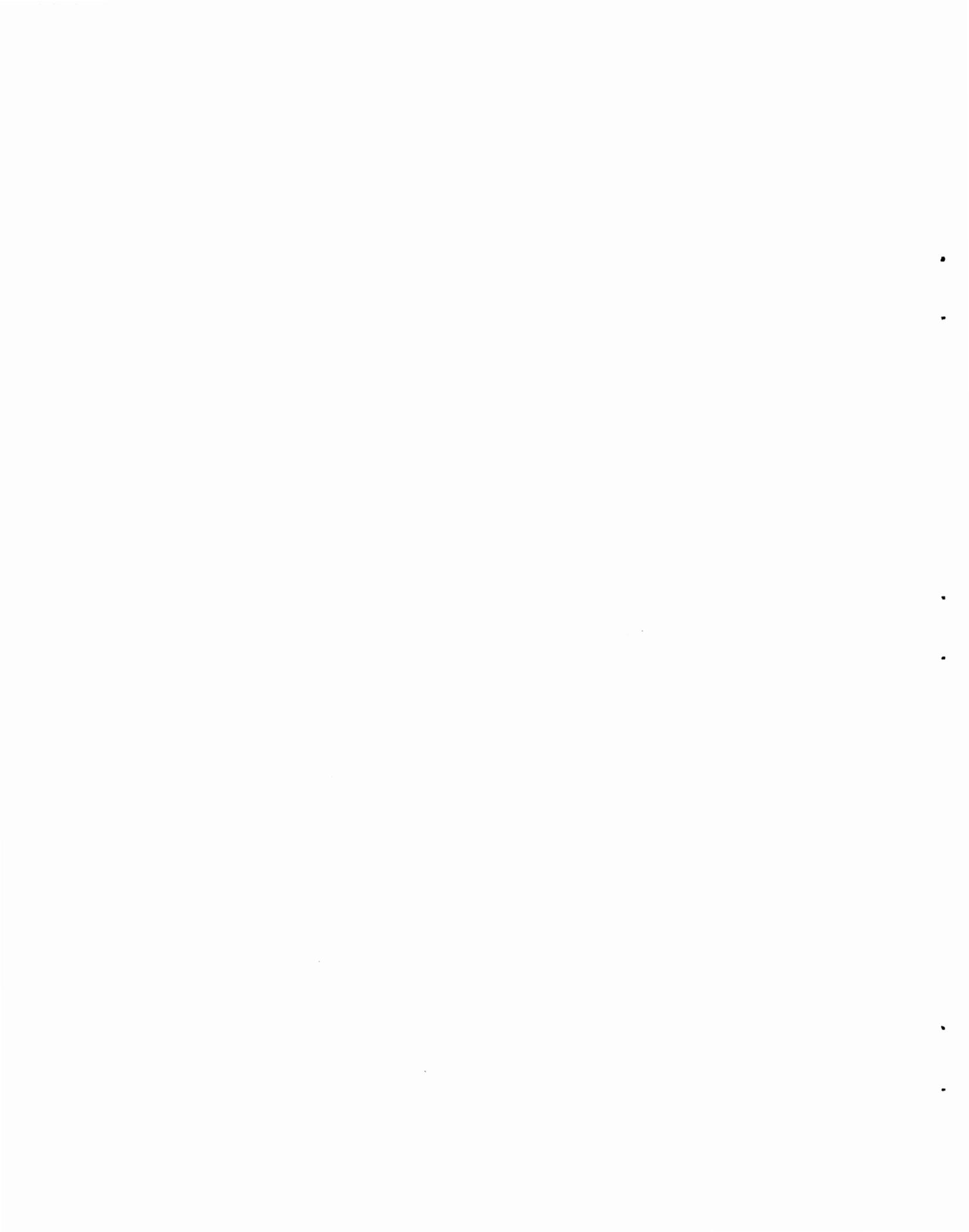
Assemblyman James J. Florio (Chairman)  
Assemblyman Francis J. McManimon  
Assemblyman Paul J. Contillo  
Assemblyman Edward H. Hynes  
Assemblyman Michael J. Marino  
Assemblyman John J. McCarthy  
Assemblyman Rocco Neri  
Assemblyman Robert C. Shelton  
Assemblywoman Jane Burgio

\* \* \* \*



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[OFFICIAL COPY REPRINT]  
ASSEMBLY, No. 1246

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 15, 1974

By Assemblymen BURSTEIN, LeFANTE, BAER, MARTIN, HYNES,  
HAMILTON, KLEIN, FLORIO, SCHUCK, PERSKIE, WORTH-  
INGTON, Assemblywoman WILSON, Assemblymen GARRUBBO,  
McCARTHY and McMANIMON

Referred to Committee on State Government, Federal and  
Interstate Relations

AN ACT to amend and supplement "The New Jersey Campaign  
Contributions and Expenditures Reporting Act," approved  
April 24, 1973 (P. L. 1973, c. 83).

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. Section 3 of P. L. 1973, c. 83 (C. 19:44A-3) is amended to  
2 read as follows:

3 3. As used in this act, unless a different meaning clearly appears  
4 from the context:

5 a. The term "allied candidates" means candidates in any elec-  
6 tion who are (1) seeking nomination or election (A) to an office or  
7 offices in the same county or municipal government or school dis-  
8 trict or (B) to the Legislature representing in whole or part the  
9 same constituency (C) as members of the State committee of the  
10 same political party from the same county, or (D) as delegates or  
11 alternates to the national convention of the same political party;  
12 and who are (2) either (A) nominees of the same political party,  
13 or (B) publicly declared in any manner, including the seeking or  
14 obtaining of any ballot position or common ballot slogan, to be  
15 aligned or mutually supportive.

16 b. The term "allied campaign organization" means any political  
17 committee, any State, county or municipal committee of a political  
18 party or any campaign organization of a candidate which is in  
19 support or furtherance of the same candidate or any one or more  
20 of the same group of allied candidates or the same public question  
21 as any other such committee or organization.

**EXPLANATION**—Matter enclosed in bold-faced brackets [thus] in the above bill  
is not enacted and is intended to be omitted in the law.

22 c. The term "candidate" means an individual seeking election  
23 to a public office of the State, or of a county, municipality or school  
24 district at a primary, general, municipal, school or special election;  
25 except that the term shall not include the office of county commit-  
26 teeman or committeewoman.

27 d. The terms "contributions" and "expenditures" include all  
28 transfers of money or other thing of value to or by any candidate,  
29 political committee, committee of a political party or political in-  
30 formation organization, and all pledges or other commitments or  
31 assumptions of liability to make any such transfer; and for pur-  
32 poses of reports required under the provisions of this act shall be  
33 deemed to have been made upon the date when such commitment  
34 is made or liability assumed.

35 e. The term "election" means any election described in section  
36 4 of this act.

37 f. The term "paid personal services" means personal, clerical,  
38 administrative or professional services of every kind and nature  
39 including, without limitation, public relations, research, legal, can-  
40 vassing, telephone, speech writing or other such services, per-  
41 formed other than on a voluntary basis, the salary, cost or con-  
42 sideration for which is paid, borne or provided by someone other  
43 than the committee, candidate or organization for whom such ser-  
44 vices are rendered. In determining the value, for the purpose of  
45 reports required under this act, of contributions made in the form  
46 of paid personal services, the person contributing such services  
47 shall furnish to the campaign treasurer through whom such con-  
48 tribution is made a statement setting forth the actual amount of  
49 compensation paid by said contributor to the individuals actually  
50 performing said services for the performance thereof. But if any  
51 individual or individuals actually performing such services also  
52 performed for the contributor other services during the same  
53 period, and the manner of payment was such that payment for the  
54 services contributed cannot readily be segregated from contem-  
55 porary payment for the other services, the contributor shall in his  
56 statement to the campaign treasurer so state and shall either (1)  
57 set forth his best estimate of the dollar amount of payment to each  
58 such individual which is attributable to the contribution of his paid  
59 personal services, and shall certify the substantial accuracy of the  
60 same, or (2) if unable to determine such amount with sufficient  
61 accuracy, set forth the total compensation paid by him to each such  
62 individual for the period of time during which the services con-  
63 tributed by him were performed. If any candidate is a holder of

64 public office to whom there is attached or assigned, by virtue of said  
65 office, any aide or aides whose services are of a personal or con-  
66 fidential nature in assisting him to carry out the duties of said office,  
67 and whose salary or other compensation is paid in whole or in part  
68 out of public funds, the services of such aide or aides which are paid  
69 for out of public funds shall be for public purposes only; but they  
70 may contribute their personal services, on a voluntary basis, to  
71 such candidate for election campaign purposes.

72 g. The term "political information organization" means any  
73 two or more persons acting jointly, or any corporation, partner-  
74 ship, or any other incorporated or unincorporated association,  
75 whether or not it is required to be registered pursuant to the  
76 "Legislative Activities Disclosure Act of 1971" (P. L. 1971, c. 183),  
77 which is organized for the purpose of, or which provides political  
78 information concerning any candidate or candidates for public  
79 office or with respect to any public question, or which seeks to  
80 influence the content, introduction, passage or defeat of legislation.

81 The term shall not apply to any bona fide newspaper, magazine,  
82 radio or television station or other bona fide news medium dis-  
83 seminating political information, advertising and comment in the  
84 normal course of its business; nor to any recognized school or in-  
85 stitution of higher education, public or private, in conducting,  
86 sponsoring or subsidizing any classes, seminars, forums, discus-  
87 sions or other events in which political information or discussion  
88 thereof or comment thereon is an integral part.

89 h. The term "political information" means any statement in-  
90 cluding but not limited to, press releases, pamphlets, newsletters,  
91 advertisements, flyers, form letters, or radio or television programs  
92 or advertisements which reflect the opinion of the members of the  
93 organization on any candidate or candidates for public office, on  
94 any public question, or on any legislation, or which contains facts  
95 on any such candidate, public question or legislation whether or  
96 not such facts are within the personal knowledge of members of  
97 the organization.

98 i. The term "political committee" means any two or more per-  
99 sons acting jointly, or any corporation, partnership, or any other  
100 incorporated or unincorporated association which is organized to,  
101 or does, aid or promote the nomination, election or defeat of any  
102 candidate or candidates for public office, or which is organized to,  
103 or does, aid or promote the passage or defeat of a public question  
104 in any election.

105 j. The term "public solicitation" means any activity by or on

106 behalf of any candidate, State, county or municipal party com-  
 107 mittee, political committee or political information organization  
 108 whereby either (1) members of the general public are personally  
 109 solicited for cash contributions not exceeding \$10.00 from each  
 110 person so solicited and contributed on the spot by the person so  
 111 solicited to a person so soliciting or through a receptacle provided  
 112 for the purpose of depositing contributions, or (2) members of the  
 113 general public are personally solicited for the purchase of items  
 114 having some tangible value as merchandise, at a price not exceeding  
 115 \$10.00 per item, which price is paid on the spot in cash by the  
 116 person so solicited to the person so soliciting, when the net proceeds  
 117 of such solicitation are to be used by or on behalf of such candidate,  
 118 party committee, or political committee or political information  
 119 organization.

120 k. The term "testimonial affair" means an affair of any kind or  
 121 nature including, without limitation, cocktail parties, breakfasts,  
 122 luncheons, dinners, dances, picnics or similar affairs directly or  
 123 indirectly intended to raise campaign funds in behalf of a person  
 124 who holds, or who is or was a candidate for nomination or election  
 125 to a public office in this State, or directly or indirectly intended to  
 126 raise funds in behalf of any State, county or municipal committee  
 127 of a political party or in behalf of a political committee, or directly  
 128 or indirectly intended to raise funds for any political information  
 129 organization.

130 l. The term "other thing of value" means any item of real or  
 131 personal property, tangible or intangible, but shall not be deemed  
 132 to include personal services other than paid personal services.

133 m. The term "qualified candidate" means:

134 (1) Any candidate for election to the office of Governor whose  
 135 name appears on the general election ballot and who has deposited  
 136 and expended \*~~[\$50,000.00]~~\* \*\$40,000.00\* pursuant to section 7 of  
 137 this amendatory and supplementary act; or

138 (2) Any candidate for election to the office of Governor whose  
 139 name does not appear on the general election ballot but who has  
 140 deposited and expended \*~~[\$50,000.00]~~\* \*\$40,000.00\* pursuant to  
 141 section 7 of this amendatory and supplementary act.

1 2. It is hereby declared to be in the public interest and to be the  
 2 policy of this State that general election campaigns for the office  
 3 of Governor shall be financed with public support pursuant to the  
 4 provisions of this act. It is the intention of this act that such  
 5 financing be adequate in amount so that candidates for election to  
 6 the office of Governor may conduct their campaigns free from

7 improper influence and so that persons of limited financial means  
8 may seek election to the State's highest office.

1 3. The provisions of this act shall apply to the general election  
2 *\*campaign for the office of Governor\** to be held in November, 1977  
3 and to all subsequent campaigns for election to the office of Gov-  
4 ernor\*, *except that the provisions of this act shall not apply to*  
5 *any general election campaign for the office of Governor for which*  
6 *the Legislature fails to make an appropriation\*.*

1 4. a. No person or political committee, otherwise eligible to make  
2 political contributions, shall make any contribution or contributions  
3 *\*to a candidate, his campaign treasurer or deputy campaign trea-*  
4 *surer, a State committee, county committee or municipal committee*  
5 *of any political party, or to any other person or committee,\** in  
6 aid of the candidacy of *\*or in behalf of\** a candidate for election  
7 to the office of Governor in a general election in the aggregate in  
8 excess of \$600.00, except as provided by this section. No candidate  
9 for election to the office of Governor in a general election **\*[cam-**  
10 **paigh]\*** and no campaign treasurer or deputy campaign treasurer  
11 of such candidate shall knowingly accept from any person or po-  
12 litical committee, any contribution or contributions in aid of such  
13 candidate's candidacy *\*or in behalf of such candidate in the ag-*  
14 *gregate\** in excess of \$600.00, except as provided by this section.

15 *\*b. No person or political committee, except the State committee*  
16 *of any political party, otherwise eligible to make political contri-*  
17 *butions, shall make any contribution or contributions to a candi-*  
18 *date, his campaign treasurer, a State committee, county committee*  
19 *or municipal committee of any political party, or to any other per-*  
20 *son or committee, in behalf of the winner of a primary election for*  
21 *the office of Governor in the aggregate in excess of \$600.00 for any*  
22 *purpose after the date of such primary election. No candidate for*  
23 *election to the office of Governor in a general election who has won*  
24 *the preceding primary election, and no campaign treasurer or*  
25 *deputy campaign treasurer of such candidate shall knowingly ac-*  
26 *cept from any person or political committee, except the State*  
27 *committee of any political party, any contribution or contributions*  
28 *in the aggregate in excess of \$600.00 for any purpose after the date*  
29 *of such primary election.\**

30 **\*[b.]\* \*c.\*** The spouse of any contributor may make a contribu-  
31 tion or contributions of up to \$600.00 in the aggregate in aid of  
32 the candidacy of *\*or in behalf of\** a candidate for election to the  
33 office of Governor in a general election.

34 **\*[c.]\* \*d.\*** No State committee of any political party shall know-

35 ingly accept from any person or political committee, any contri-  
36 bution or contributions the aggregate of which is in excess of  
37 \$600.00 in the year of any general election for the office of Governor,  
38 except as provided by subsection **\*[b.]\*** *\*c.\** of this section. The  
39 State committee of any political party may make a contribution or  
40 contributions in any amount in aid of the candidacy of *\*or in behalf*  
41 *of\** a candidate for election to the office of Governor in a general  
42 election\*, *except that no State committee may make such a contri-*  
43 *bution or contributions of moneys or other thing of value pledged*  
44 *or received in a year without an election for the office of Governor\*.*

45 **\*[d.]\*** *\*e.\** The county committees and municipal committees of  
46 any political party may make a contribution or contributions of  
47 \$100,000.00 in the aggregate in aid of the candidacy of any candi-  
48 date for election to the office of Governor in a general election,  
49 except that no county committee or municipal committee may  
50 transfer any money to any such candidate or to such candidate's  
51 campaign treasurer or deputy campaign treasurer, and except that  
52 no county committee and municipal committees in any county may  
53 make a contribution or contributions in excess of \$10,000.00 *\*in the*  
54 *aggregate\** in aid of the candidacy of any such candidate. A candi-  
55 date or his campaign treasurer or deputy campaign treasurer shall  
56 determine the exact amount that individual county committees or  
57 municipal committees may contribute in aid of the candidacy of  
58 such candidate, and shall file a report of such determination with  
59 the Election Law Enforcement Commission no later than the **\*[No-**  
60 **ember 1 immediately preceding]\*** *\*seventh day prior to\** the  
61 general election being funded.

62 *\*f. Communications on any subject by a corporation to its stock-*  
63 *holders and their families, or by a labor organization to its members*  
64 *and their families, and nonpartisan registration and get-out-the-*  
65 *vote campaigns by a corporation aimed at its stockholders and their*  
66 *families, or by a labor organization aimed at its members and*  
67 *their families, shall not be construed to be in aid of the candidacy*  
68 *of or in behalf of a candidate for election to the office of Governor*  
69 *in a general election.\**

1 5. The Legislature shall appropriate to the New Jersey Election  
2 Law Enforcement Commission out of the General Treasury of the  
3 State such sums as are necessary to carry out the purposes of this  
4 act, which sums shall constitute a fund for campaign expenses for  
5 the general election to the office of Governor to be regulated and  
6 **\*[expended]\*** *\*distributed\** by the **\*[Election Law Enforcement**  
7 **Commission]\*** *\*commission\** pursuant to this act. Upon notice by

8 the commission, the Legislature shall appropriate to the commis-  
9 sion out of the General Treasury such additional sums as may be  
10 required to carry out the purposes of this act if the sums first  
11 appropriated become inadequate.

1 6. No contribution received by or on behalf of any candidate for  
2 election to the office of Governor on or before the date of the  
3 primary election immediately preceding the general election cam-  
4 paign being funded and not deposited pursuant to section 7 of  
5 this amendatory and supplementary act on or before such date  
6 may be utilized or expended by or in behalf of such candidate or  
7 any other candidate in the general election campaign being funded.

1 7. The Election Law Enforcement Commission, shall create an  
2 account in a National or State bank in behalf of each candidate for  
3 election to the office of Governor in a general election. The com-  
4 mission shall deposit promptly all moneys received from the cam-  
5 paign treasurer or deputy campaign treasurer of **\*[such]\*** *\*a\**  
6 candidate prior to the date on which is held the general election for  
7 the office of Governor\*,<sup>o</sup> provided that such moneys are received  
8 pursuant to section 4 of this amendatory and supplementary act  
9 and section 12 of the act to which this act is a supplement. Im-  
10 mediately after deposit by the commission, the campaign treasurer  
11 or deputy campaign treasurer of any candidate may transfer or  
12 expend moneys deposited in such candidate's *\*bank\** account.

1 8. The campaign treasurer or deputy campaign treasurer of any  
2 qualified candidate for election to the office of Governor in a general  
3 election shall promptly receive in behalf of such qualified candidate  
4 from the fund for general election campaign expenses moneys in  
5 an amount equal to twice the amount of each contribution deposited  
6 by the Election Law Enforcement Commission in such qualified  
7 candidate's bank account, except that no payment shall be made  
8 from the fund for general election **\*[campaigns]\*** *\*campaign\** ex-  
9 penses to any candidate for the first **\*[\$50,000.00]\*** *\*\$40,000.00\**  
10 deposited by the **\*[Election Law Enforcement Commission]\*** *\*com-*  
11 *mission\** in such qualified candidate's bank account.

1 9. a. No contribution which must be or is intended by the con-  
2 tributor or the recipient to be refunded or repaid at any time shall  
3 be forwarded to the Election Law Enforcement Commission or  
4 knowingly deposited by the commission into any candidate's bank  
5 account.

6 b. No contribution by any State committee, county committee or  
7 municipal committee of any political party shall be forwarded to

8 the Election Law Enforcement Commission or knowingly deposited  
9 by the commission into any candidate's bank account.

1 10. a. All expenditures from the fund for general election cam-  
2 paign expenses shall be made pursuant to rules and regulations of  
3 the Election Law Enforcement Commission and shall be strictly  
4 limited to the following purposes:

5 (1) ~~["The purchase"]~~ \*Purchase\* of time on radio and televi-  
6 sion stations;

7 (2) ~~["The purchase"]~~ \*Purchase\* of rental space on outdoor  
8 signs or billboards;

9 (3) ~~["The purchase"]~~ \*Purchase\* of advertising space in news-  
10 papers and regularly published magazines and periodicals;

11 (4) ~~["The"]~~ \*Payment of the\* cost of producing the material  
12 aired or displayed on radio, television, outdoor signs or billboards,  
13 and in newspapers, regularly published magazines and periodicals;

14 (5) ~~["The"]~~ \*Payment of the\* cost of printing and mailing  
15 campaign literature and brochures distributed under the name of  
16 any qualified candidate.

17 \*b. The limitations in subsection a. of this section upon expendi-  
18 tures from the fund for general election campaign expenses shall  
19 not apply to expenditures of private contributions, whether or not  
20 such private contributions were deposited in a candidate's bank  
21 account pursuant to section 7 of this amendatory and supplement-  
22 ary act.\*

23 ~~["b."]~~ \*c.\* Moneys received by a qualified candidate from the  
24 fund for general election campaign expenses may be retained for  
25 a period not exceeding 6 months after the general election for the  
26 liquidation of all obligations to pay expenses for the purposes  
27 permitted by this section which were incurred during the general  
28 election campaign. All obligations having been liquidated, all  
29 moneys remaining available to any qualified candidate, shall be  
30 paid into the fund, except that no candidate shall pay into the fund  
31 moneys in excess of moneys received from the fund.

1 11. Moneys received by any qualified candidate from the fund for  
2 \*general election\* campaign expenses are to be considered "spent  
3 in aid of the candidacy of any candidate" for election to the office  
4 of Governor for the purpose of section 7 of the act to which this  
5 act is a supplement. The ~~["New Jersey"]~~ Election Law Enforce-  
6 ment Commission shall return to any contributor any contribution,  
7 and shall refuse to withdraw from the fund for \*general election\*  
8 campaign expenses any sum, which results in a candidate's exceed-  
9 ing the limitation of that section.

1 12. The Election Law Enforcement Commission shall mail to all  
2 registered voters of the State, not less than 7 nor more than 14  
3 days prior to the date on which the general election is to be held,  
4 statements from each candidate for election to the office of Governor  
5 in a general election. Each candidate for the office of Governor who  
6 wishes a statement mailed on his behalf by the commission shall  
7 submit to the commission, on forms provided by it, his proposed  
8 statement which shall not exceed 500 words in length. The state-  
9 ments submitted by all such candidates shall be mailed together in  
10 a common envelope by the commission as herein provided along  
11 with a short explanation from the commission that such statements  
12 are provided pursuant to this law to assist the voters of this State  
13 in making their determination among the candidates for the office of  
14 Governor. The cost of printing and mailing such statements shall  
15 be borne by the commission from funds appropriated for that  
16 purpose.

1 13. The Election Law Enforcement Commission may adopt such  
2 rules and regulations as may be required to implement the pro-  
3 visions of this act and to carry out its purpose.

1 14. The New Jersey Public Broadcasting Commission, P. L. 1968,  
2 c. 405 (C. 48:23-1 et seq.), shall promote full discussions of public  
3 issues by the candidates for the office of Governor on the ballot in  
4 any general election, free of charge to any such candidate. The  
5 commission shall make available at least 1 hour of time on its  
6 stations for joint appearances by such candidates, and at least 1  
7 additional hour of time on its stations for individual appearances  
8 by each of such candidates. The commission may promulgate such  
9 rules and regulations as may be necessary to effectuate the purposes  
10 of this section.

1 \***[15. Any violation of this act shall be subject to the penalties set**  
2 **forth in section 21 and section 22 of the act of which this act is a**  
3 **supplement.]\***

4 *\*15. a. Any person who willfully and knowingly violates sec-*  
5 *tion 4, 6, 9 or 10 of this act is guilty of a misdemeanor.*

6 *b. The election to office of any candidate who is guilty of any*  
7 *violation within the description of subsection a. of this section shall*  
8 *be void, and the office shall be filled as required by law in the case*  
9 *of a vacancy; provided, however, that nothing herein contained*  
10 *shall be construed in derogation of the constitutional authority of*  
11 *either House of the Legislature to be the judge of the election and*  
12 *qualification of its own members.\**

1 16. The provisions of this act shall be construed liberally and  
2 applied so as to promote the purposes expressed herein.

1 \*~~[17.~~ This act shall not be applicable to any general election cam-  
2 paign for the office of Governor for which the Legislature fails to  
3 make an appropriation.]\*

1 \*~~[18.]~~ \*17.\* If any section, subsection, paragraph, sentence or  
2 other part of this act is adjudged unconstitutional or invalid, such  
3 judgment shall not affect, impair or invalidate the remainder of  
4 this act, but shall be confined in its effect to the section, subsection,  
5 paragraph, sentence or other part of this act directly involved in  
6 the controversy in which said judgment shall have been rendered.

1 \*~~[19.]~~ \*18.\* This act shall take effect immediately.

ASSEMBLYMAN JAMES J. FLORIO (Chairman): Ladies and Gentlemen, we are convening the meeting of the State Government and Federal and Interstate Relations Committee to hear testimony on Assembly bill 1246, sponsored by Mr. Burstein, who is in attendance.

I would like to introduce the members of the committee who are in attendance. On my right is Assemblyman McManimon. To his right is Assemblyman Neri. On my left is Assemblyman McCarthy. To his left is Assemblyman Contillo. To the far left - with no reference to his political philosophy - is Assemblyman Hynes. On the far right, at this moment, is Assemblyman Shelton and Assemblywoman Burgio.

Assemblyman Littell called. He is delayed and he may not be able to be in attendance. He expressed his regrets.

I would now like to call upon the sponsor of the bill, Assemblyman Albert Burstein from the 37th District.

A S S E M B L Y M A N    A L B E R T    B U R S T E I N:  
Thank you, Mr. Chairman, Members of the Committee. I don't think I exaggerate when I begin by saying that of the bills that we will be acting upon in this session of the Legislature, and in retrospect in the time that I have spent in the Legislature, no bill has the importance that A-1246 does. I hope that I am objective about that. As a prime sponsor, of course, I have a kind of vested interest in seeing its passage through.

Dealing, as it does, with the matter of campaign finances; dealing, as it does, with the effort to eliminate the kind of corrupting influences that we have had in government; I think it has an importance that transcends the usual.

With that brief preface, what I would like to do is to go into the details of the bill, its structure, how it is conceived, and then, if there are any questions, I would be happy, to the best of my ability, to answer them.

It seems to me that there are several criteria, that had been set down in the preparation of this bill, which are met. The first is to provide sufficient monies to permit a candidacy to take place in a way that meets the objective of dissemination of political ideas. We didn't want to underfund a campaign for the Governorship and at the same time we wanted to have restrictions upon it that we felt were necessary, in light of the problems that are being faced today.

Another criterion related to the fact that the money resources that we wanted to have were such that special political interests would not be favored in the use of the money and in the way it was raised.

Thirdly, the final objective, I would say, was to attempt to restore public confidence in the election process - confidence which, in my opinion, has been severely eroded over the last several years by reason of the events that we all know about, both on the National and on the State levels.

This bill begins as an amendment, basically, to the campaign contributions law that was enacted in the 195th session of the Legislature. As a consequence of that, it embodies, in its beginning phases, the definitions that appear in Chapter 83 of the Laws of 1973. It then goes on to indicate who a qualified candidate is, who would participate within the terms of the bill, in the State monies that I will describe

in a moment. That qualified candidate is one who can raise \$50 thousand and whose name appears on the ballot, or, alternatively, one whose name does not appear on the ballot to allow for write-in candidacys. Then it goes on to inductate exactly how the money can be used, spent and raised.

In paragraph 4 of the bill you have an individual contribution restriction of \$600 per person, or \$12 hundred for man and wife. You may reasonably ask how that \$600 hundred figure was arrived at. There is no magic to numbers and the best thing that can be said about it is that it bore a reasonable relationship to the need for the adequate funding that I described in my opening and also bore a reasonable relationship to the objective of the bill, which was to do away with the inordinate influence of large contributors so that the \$600 achieves, it seems to me, the twin objectives of adequate funding and, yet, the diminishing of excessive influence upon a candidacy.

It then goes on to discuss-- Before I get to that, may I say that I had handed out, and I hope that the Committee has before them, amendments to the originally printed version of A-1246, which, in most part, represent technical changes to the bill. If there are any questions about that, as I go along, I would be pleased to answer them.

In any event, it also deals, in addition to the individual contributions, with contributions by State, County and Municipal Committees. If you will look at the printed subparagraph (d), which in the amended version becomes subparagraph (e) of paragraph 4, it talks in terms of County and Municipal Committees making a contribution of up to \$100 thousand but not

in excess of, and no single County or Municipal Committee in excess of \$10 thousand, and the allocation among the various County Committees and Municipal Committees - the duty for so doing - is reposed in the campaign treasurer or deputy campaign treasurer selected by the candidate. Please note, this is not a monetary contribution to the candidate or his treasurer that we are talking about, but rather expenditures in behalf of a candidacy. We are not allowing that money to go directly to the candidate but, rather, to be expended in behalf of his candidacy.

Now to the heart of what we attempted to do in the way of augmenting these private contributions. We have \$50 thousand as so-called front money; that is to say, money that a candidate has to put up in order to become eligible to participate in the funding by the State. Once that \$50 thousand has been raised by private donation - not to exceed the \$600 per gift - then we get to the area of State funding. Once beyond the \$50 thousand, for every dollar raised by the candidate, the State would deposit \$2.00 as a matching fund. Now, please remember as well that this is still part of Chapter 83 of the Laws of 1973, which incorporates within it the 50¢ per registered voter limitation on total spending and, based upon the current registry, that is about \$1½ million. That money - that is to say, the State's money - is deposited into a fund that the election law enforcement commission creates out of the general treasury of the State of New Jersey.

There is also the money that is deposited into a separate bank account that is raised privately by the candidate and his campaign treasurer. So you have two funds, basically. Now out of the fund that

is raised privately, can be expended the various and ordinary items for campaign expenditures, such as rent for a campaign hall or paid personnel, etc.

The State fund is used to carry the expenses for the items enumerated in paragraph 10. If you will look at those, it represents some of the core expenses, some of the heavier expenses that any candidate incurs, particularly in running for statewide office, as this bill is directed - the purchase of time on radio and television, the purchase of rental space on outdoor signs, the purchase of advertising space in newspapers and periodicals, the payment of the cost of producing material aired or displayed on those various media, and the cost of printing and mailing campaign literature and brochures distributed under the name of a qualified candidate.

Now, in addition to that, and for the purpose of stimulating as much voter interest as possible in any election campaign for Governor, there is to be a statement in behalf of each candidate sent out to every registered voter in the State, not exceeding 500 words in length, which may present some problems for most candidates but, nevertheless, I think is adequate for a statement of campaign postures - that appears in paragraph 12 of bill. That, I think, is something that has been tried in the State of Oregon, if I am not mistaken, and, I think, also has proved to be a valid way of disseminating information about the candidacies of the parties involved. The cost of so doing-- We have here an item of \$233,100 as the estimate of what the cost would be for mailing the statement. That is an approximation, obviously. There is an approximate \$125 thousand printing cost, but, again, there is a fluctuation on that depending

upon what the then existing costs would be.

That brings me to the next point. This bill would take effect for the gubernatorial election in 1977, so that we have a kind of shakedown period during which we can examine and, if necessary, perhaps even refine the bill over the years to come.

In anticipation of some questions as to what the bill may not cover, let me say - and I think this was well expressed yesterday by the Governor in his press conference - that there will be a bill succeeding this to cover primary campaigns and I have made my own personal pledge to my fellow legislators that there will be a bill to cover legislative campaigns as well, following the adoption of this act and then the primary act.

It seems to me that we have taken a long step forward in even discussing these bills. If it is adopted - that is to say, A-1246 and the succeeding bills as well - I think New Jersey will be the first among the states of this nation to have taken the kind of step that I think is long overdue.

I think that what we have needed has been a political catharsis, a purging of some of the ills of our electoral process that have resulted in indictments and convictions of public officials in numbers that have allowed the reputation of this State to flounder. I think that we can reverse that course and I urge that this Committee give serious consideration to the bill and release it for vote. Thank you.

ASSEMBLYMAN FLORIO: Thank you, Mr. Burstein. We appreciate your brevity. The Committee has extended an invitation to other people to come and

I am hopeful they will be as brief as you were.

At this point I would like to ask members of the Committee if they have any questions of Mr. Burstein.

Assemblywoman Burgio?

ASSEMBLYWOMAN BURGIO: I have one question on the statement, on the last page - the last paragraph of the statement where it says, "one hour of free time and one additional hour", it says that the bill includes this. First of all, where is it in the bill and isn't that kind of limited - one hour during the whole campaign?

ASSEMBLYMAN BURSTEIN: That is paragraph 14 of the bill which incorporates the one hour provision. The one hour is free time for a joint appearance and the additional one hour is for individual appearances. I think that that is fairly adequate for what is needed. This relates, of course, to the New Jersey Public Broadcasting Station; it does not encompass television advertising that would take place on the major networks.

ASSEMBLYWOMAN BURGIO: I didn't think one hour was very much; if a person isn't home that night he could miss the whole thing. I think public broadcasting could spare a little bit more time than one hour.

ASSEMBLYMAN BURSTEIN: That's possible but I think that a candidate becomes a bore after a while, repeating the same things, and the hour is sufficient.

ASSEMBLYMAN FLORIO: Assemblyman Contillo?

ASSEMBLYMAN CONTILLO: I have one short question. Mr. Burstein, would you just briefly discuss the controls over contributions in other than a gubernatorial

election year - in other words, controls over what may be contributed to a political party in years other than when there is a gubernatorial election?

ASSEMBLYMAN BURSTEIN: This bill does not address itself to that; this bill only addresses itself to contributions made in the general election year.

ASSEMBLYMAN CONTILLO: It attempts to control it then by the amount of money a political party can give to the candidate in that election year?

ASSEMBLYMAN BURSTEIN: Not the money it can give to the candidate but, rather, the expenditures it can make in behalf of the candidacy in the general election year.

ASSEMBLYMAN FLORIO: Assemblyman Shelton?

ASSEMBLYMAN SHELTON: Assemblyman Burstein, in the last election I suggested that perhaps the sample ballot, which must be mailed to every registered voter, could be used to also give to the voter a statement from each countywide, statewide and gubernatorial candidate. Do you think that the statement that you are speaking of, that is to be sent out to voters, could be incorporated as part of the mailing of the sample ballot?

ASSEMBLYMAN BURSTEIN: That is a possibility, Assemblyman Shelton, that, perhaps, the election law enforcement commission might consider.

But, again, as I say, we are taking a major step forward in the structure outlined to you over these past few minutes. Whether it can be refined, particularly along the lines you just mentioned may be a possibility. For the moment I think this would be a valid way of doing it. Whether it ought to go at the time the sample ballots are sent out could be

a cost saver. That is possible. This is a suggestion that the election law enforcement commission might take up.

ASSEMBLYMAN SHELTON: Thank you.

ASSEMBLYMAN FLORIO: If there are no further questions, I'd like to thank Mr. Burstein for appearing before us today.

ASSEMBLYMAN BURSTEIN: Thank you, Mr. Chairman.

ASSEMBLYMAN FLORIO: Is the Attorney General present?

(not present)

In deference to the work schedule of the Attorney General it has been represented that he is on his way and therefore we will call Mr. Linett in the interim.

D A V I D L I N E T T: My name is David Linett. I am appearing for the New Jersey State Bar Association.

Mr. Chairman, Members of the Committee, the New Jersey State Bar Association sincerely appreciates this opportunity to present its comments concerning Assembly bill 1246 which provides for partial public financing of gubernatorial general elections. While the trustees of the Association have not had an opportunity to review this bill in detail and, therefore, cannot take an official position on the merits of this particular bill, the Association is strongly in favor of the concept of public financing of election campaigns. Furthermore the Election Law Reform Committee and the Legislation Committee of our Association have reviewed the bill in detail. The Legislation Committee expects to forward a report to the Legislature on the technical aspects of the bill sometime early next week and the Election Law Reform Committee wishes to comment today on several aspects of the proposal.

The New Jersey State Bar Association commends the

Governor of this State and the Legislature for proposing and considering partial public financing of the next gubernatorial general election. In these times when the political process has come under heavy criticism and when the confidence of the people in the political processes has been greatly diminished, it is important for the government to do everything possible to rid itself of not only corrupt influences but the potential for such corrupt influences. The general proposal embodied in A-1246 is designed to reduce dependence upon major contributors to major gubernatorial campaigns but yet retain the opportunity for the smaller contributor to express his support for a particular candidate with a moderate financial contribution.

Some have called upon the Legislature to reject A-1246 on the basis of the fact that the bill does not provide public financing for the gubernatorial primary election nor does it provide public financing for legislative elections. We feel that a partial public financing system for gubernatorial general elections only is a step in the right direction and is a constructive movement on the part of our State. We do urge, however, that if such a system is adopted that immediate attention be thereafter given to the public financing of primary elections and legislative elections.

It is our preliminary opinion that there is no serious constitutional problem with the proposed public financing. We also believe that even a system based upon the eligibility of candidates of "political parties" only would be upheld in light of the Supreme Court's ruling in Jenness Vs. Fortson, 404 U.S. 431 (1971). However, since this may be the first public financing law in this country, it is likely that a Court challenge will be forthcoming.

I would like to insert here that I understand from some inquiries which I made that even a \$50 thousand limit would essentially make this a two-party financing bill. I believe the highest amount raised by an independent in the last election was something over \$12 thousand. This is strictly informal. I don't have any official figures, that is an informal survey I made.

While we support the general structure and purposes of the proposal, the Election Law Refore Committee respectfully urges that your Committee carefully review the various items set forth in a memorandum attached to this statement as well as the forthcoming report of the Legislation Committee of our Association. This bill is too important to be reported out until your Committee is certain that the draftsmanship of the bill is such that the high purposes of the proposal will, in fact, be carried out by the specific language of the bill.

Some of the areas which concern us and which we believe require amendment are:

1. The sufficiency of controls to strictly limit personal contributions to \$600 per person;

2. Controls of contributions to State Committees in non-gubernatorial years and permitting contributions to State Committees in gubernatorial years for non-gubernatorial campaign purposes;

3. Clarification of the right of a candidate to utilize campaign accounts not deposited with the Election Law Enforcement Commission;

4. Consideration of abolishing contributions by political committees to the gubernatorial general election campaigns;

5. Clearly limiting only public monies to media expenses; and

6. Revising Section 17 of the act to eliminate any suggestion that the Legislature is not required to make the necessary appropriations to carry out the intentions of the act in a gubernatorial year.

Since one of the primary purposes of a Legislative Committee is to scrutinize proposed legislation and to offer amendments where necessary, we are confident that some of the ambiguities and technical deficiencies of the act will be corrected by this Committee. We feel that amendments can be prepared within a very short time and will not unduly delay the ultimate adoption of the bill. The Election Law Reform Committee

of the New Jersey State Bar Association offers its voluntary assistance to this Committee in the drafting of any amendments the Committee desires. We feel strongly enough about this bill to offer our time and efforts to assist the Committee in any way possible.

Some may feel that the appropriations which will be necessary by reason of this proposal may be excessive. It is our opinion, however, that any monies spent on public financing are a most worthwhile investment in good government in this State.

I would now like to turn to the second page from the end where we outlined in more detail our problems and just look at a couple of those items in more detail.

First - Although the purpose of the bill is to prohibit contributions to gubernatorial campaigns in excess of \$600 per person, the bill permits a contribution of \$600 by an individual to the candidate, \$600 to a State Committee, \$600 by a spouse to the candidate and \$600 by a spouse to the State Committee. Furthermore contributions may be made in unlimited amounts to political committees, county and municipal committees - but such committees, of course, may only contribute to gubernatorial campaigns in limited amounts.

I also notice in reviewing the bill, although I didn't put it in my statement, that apparently there is no provision concerning the possibility of a corporation wholly owned by a contributor also being used to funnel additional contributions. I assume that would violate the spirit of the act but I am not so sure it is prohibited, the way the act is presently drawn.

It is obvious that thousands of dollars could be contributed by a family with only a little ingenuity. Either the amounts should be further limited or a maximum total campaign contribution per person or family should be imposed, no matter through which organizations such contributions may be funnelled.

I would like to stress that there is nothing magic about \$600, that is simply a figure that appears to be reasonable. But I think that the public is entitled to know what the maximum is without the ability to circumvent the intention of the act.

Number two - Under the proposal, State Committees may expend unlimited amounts for gubernatorial candidates. Only in gubernatorial election years are there any limits on contributions to State Committees. Even though monies contributed by State Committees do not entitle the candidate to additional public funds, the wealthy contributor could easily contribute large amounts to a State Committee in non-election years, which funds could ultimately be used in the gubernatorial campaign. We suggest that State Committees either be required to keep records to show that not more than \$600 per person, no matter when contributed since the previous gubernatorial election, is expended for the gubernatorial campaign, or, alternatively, that limits be imposed in non-gubernatorial years as well.

Our third problem is simply that it is not clear from the act whether or not separate accounts, other than the State-held account, are permissible. I assume they are but I think it should be spelled out.

Number four is the problem of the use of multiple political committees used to funnel funds in excess of the personal limits. It is our suggestion that contributions from political committees to gubernatorial candidates in the general election be prohibited.

Number five - We refer to the problem of the definition of the word "fund". I believe there is an amendment which has been submitted and which I looked at this morning that should solve that problem since private money should not be limited to media expenses - I don't think that was the intention of the act but it isn't clear.

Number six - We are concerned about the language of section 17 of the bill which is one of the last sections. That section seems to open the door for a legislature to have the option of whether or not to appropriate monies to fund the act. Although it may be that the legislature cannot be forced to make an appropriation - although we really have no position on that - it may be better to clarify this section to indicate that if public financing sections of the act become inoperative for any reason, the campaign limitation provisions shall likewise become inoperative. I believe that is the real intention of the proposal. But the public should not believe that a particular legislature, in a gubernatorial year, could simply not make the appropriation and, therefore, destroy the intention of the entire act.

So, then, it is further suggested that consideration be given to limiting contributions to State Committees only with respect to funds to be used for the gubernatorial campaigns, until such time as the legislative campaigns are likewise funded.

Accurate records could enable the State Committees to segregate and account for funds in excess of the limits which are used for non-gubernatorial campaign expenses.

What we are saying is that the State Committees - I happen to be a member of one of the Committees in the State - spend monies in many other ways in addition to the gubernatorial general elections and the limit should not apply for those purposes. In these days when record-keeping is what it is, a little more record-keeping could solve that problem.

We appreciate your consideration of our comments.

ASSEMBLYMAN FLORIO: Thank you very much, Mr. Linett. Do any members of the Committee have any questions to address to the speaker?

(no questions)

We thank you for your brevity.

MR. LINETT: Thank you.

ASSEMBLYMAN FLORIO: Mrs. Jones, League of Women Voters?

M A R J O R I E J O N E S: I am Marjorie Jones, a director of the League of Women Voters of New Jersey, and I thank you for the opportunity to speak to the issue of campaign financing. I further wish to commend this Committee for its decision to hold a public hearing on this legislative proposal. The basic purpose of the League is to promote political responsibility through informed and active participation of citizens in government.

The League is calling for sweeping changes in the present system of financing political campaigns at all levels. This position is based on our recently completed study and consensus on campaign financing

conducted by Leagues throughout the country. In New Jersey we specifically asked our 9,000 members to consider the issue at the state level as well; to determine criteria for state campaigns. The full consensus statement on Campaign Financing for New Jersey is attached to this testimony.

Our membership believes that improved methods of financing political campaigns must be initiated in order to restore citizen trust in our government and its leaders. We further believe any new state legislation should be directed toward:

- 1) making the system totally open and accountable to the public;
- 2) encouraging and expanding citizen participation in contributions and campaigns at all levels;
- 3) providing all serious candidates with equitable time and funding to compete for office; and
- 4) eliminating corruption and undue influence by any individual, organization, or business and industry.

As a result of the positions established by the members, we must oppose the legislation now before this Committee, Assembly Bill #1246, unless it is amended to include primary campaigns.

We consider it impossible to achieve these goals through reform of general elections alone. The financial means to run an adequate campaign in the primary is one of the major determinants of who will be the candidate in the general election. This is perfectly understood by political parties and interest groups. In order to provide the public with enough information about their positions to allow for an informed choice, all serious candidates require fairly substantial funds. Our present system has given enormous advantages to those who are recognized as the preferred party candidates or who have large personal financial resources. Other qualified candidates have been left to limp along with inadequate funds or to look to outside sources for loans or contributions with the inherent problem of influence buying. Even the candidates who are seen as "preferred" and may have less difficulty in securing contributions are faced with the problem that large contributions from certain groups may appear to be buying influence.

To insure that serious candidates are encouraged to enter the primary, to enable them to run a campaign which will reach the citizens, and to remove the appearance and/or fact of influence buying, primary elections must be included in any campaign funding bill.

Our goals in this area include coverage of all state level campaigns. We can accept the political reality of initiating this vital legislation at the top level - for gubernatorial campaigns, but only as a first and exploratory step in total campaign reform.

We fully support this bill's concept of combined private and public funding, to promote small individual contributions. We would further urge limited tax credits/ deductions and voluntary tax check-off, with the realization that this could only be implemented following the adoption of an income tax for New Jersey, an issue the League has long supported.

We also concur with the concept of limitations on contributions and expenditures, and would urge stringent restrictions on cash donations. We applaud the inclusion of a free mailing for all candidates and the proposals for free time on New Jersey's Public Broadcasting System, assuming that "prime time" would be equitably apportioned to all candidates.

We would urge this Committee to delay reporting out a bill until the major loopholes and inequities have been corrected. We recommend two major amendments: inclusion of provisions for primary election with accompanying guarantees for all serious candidates; and limitations on all forms of contributions, not only during the calendar year of the election, but the years preceding and following, to avoid circumvention of the law by those intent upon buying influence with a candidate, a party, or a new administration.

The League of Women Voters of New Jersey believes that government is for the people and should be by the people, and that citizen participation in politics is essential

to the continuance of our system of government. Citizens must be encouraged to become more involved not less involved in the total election process if we are going to have honest and meaningful candidates, campaigns, and government at every level. Therefore the goals of a campaign finance system should be to enable candidates to compete more equitably for public office as well as to require full disclosure to combat corruption and undue influence.

With these goals in mind, all New Jersey League members will work for passage of an effective, enforceable campaign financing law this year, and will encourage all citizens to join us in this effort. We sincerely hope that this Committee will present proposed legislation which we can actively support. Thank you.

ASSEMBLYMAN FLORIO: Thank you very much. Are there any questions?

(no questions)

(League Study on Campaign Financing on page 97 )  
William Hyland?

W I L L I A M H Y L A N D: Good morning. I very much appreciate the opportunity to be here with you today to talk about what has to be one of the most urgent and one of the most important bills that enter into this question of integrity in government and the rehabilitation of public confidence.

Before giving my prepared statement I would like to address myself to just one aspect of your deliberations; that is the question, why should this bill be moved now in its limited sense as opposed to a more comprehensive bill that might include other things that this administration could support as well? I think the very, very sensible and easy answer to that is that as I read the polls in this country, I see an erosion almost on a week-by-week basis of

confidence on the part of the public in government and governmental officials. I think New Jersey, by doing this and by doing it very quickly, can send out a signal throughout the entire country that would indicate that we are concerned and we are trying to do something about this problem. Whereas, if we wait, if we argue about specifics, if we entertain the arguments of those groups that say we support this in principle but it doesn't go far enough, then I see this continued erosion of confidence by the public and I think it is very important for us to put a stop to that.

Those who argue in favor of a particular idea from time to time say that the idea is a concept whose time has come. The idea of public financing of elections is a concept whose time is long overdue, and may even have passed us by.

I offer for your consideration the tragic thought that only about 25% of the people in America today have confidence in the White House and an equal percentage have confidence in Congress. I dare say that a poll in New Jersey would show that you and I are faring no better, whether we deserve it or not. This does not mean that any one of us is unworthy of public confidence. Simply put, it means that the public has lost confidence in government itself.

I feel, I sense, that lack of confidence in thinking about some of the officials in public life today. But my confidence, both in the present and in the future capacity of our government to deal with our problems necessitates looking past those people - and even looking past you and I - and looking at the system itself. It is the system in which I have faith and which I am determined to

work with you in saving.

Nothing has contributed so much to the lack of faith in government today as the private financing of elections. I won't dwell on the Watergate story or the Trenton or Newark scandals for even a moment. You know them as well as I do. But how tragic it is that they have happened. And if earlier Congresses and earlier Legislatures and earlier Administrations had insisted that the evil system of financing elections through private contributions would be stopped once and for all five years ago, convicted public officials would be walking the streets today. There would be no trial in New York City of Nixon Cabinet officials. The nation would not have the shattering distraction it is experiencing today from almost daily revelations of wrongdoing and the peddling or purchase of influence.

Who will be the next candidate or public official accused of impropriety by accepting contributions from those in a position to extract favors in return for his or her help? I don't want that tragedy on my conscience, and I urge all of you who share these same convictions to merge our differences, consolidate our forces and accomplish the enactment of A-1246 with a speed and unanimity that will announce to the entire nation that New Jersey is the most determined state of all to put an end to election scandals.

The fight is not a new one. Nearly 70 years ago, on December 3, 1970, President Theodore Roosevelt addressed Congress and expressed his concern about the dangers to our political system from large corporate campaign contributions. He proposed

what he called a "very radical measure" to improve the financing of campaigns and used this language:

"The need for collecting large campaign funds would vanish if Congress provided an appropriation for the proper and legitimate expenses of each of the great national parties, an appropriation ample enough to meet the necessity for thorough organization and machinery, which requires a large expenditure of money. Then the stipulation should be made that no party receiving campaign funds from the Treasury should accept more than a fixed amount from any individual subscriber or donor; and the necessary publicity for receipts and expenditures could, without difficulty, be provided."

That ends President Roosevelt's quotation but it is a remarkably apt expression for today's considerations.

That suggestion was made December 3, 1907 - yet here we are today struggling to keep alive our political system that has been rocked by scandals that boggle the mind in their inventiveness and deviousness; scandals, many of which stem directly from the present method of funding political campaigns.

Today another man convinced of the same urgent need for reform had this to say in suggesting that public election financing was the bedrock of the changes that must be made:

"I do not suggest that had these, or perhaps other reforms been in effect, Watergate wouldn't have happened. . . or that future Watergates could thus be avoided. I do suggest that out of the present constitutional crisis, we can salvage something of lasting value. We can seize upon this

moment and overcome entrenched resistance to constructive change. We can make the system less vulnerable to special interest pressures and the excesses of campaign money. If we do not, the same things - or worse - are sure to recur somewhere down the road."

The speaker was Charles W. Colson, once a Special Counsel to the President, but now an indicted, disgraced and pathetic figure. This man stood in the center of the storm and was corrupted by its shock waves. He pleads with us to say to the public, we can't allow our present and future leaders to be elected in this fashion. We a solemn obligation to protect them from the temptations and the exigencies that have led to the most scandalous moment in American time.

One of the great men called in to prosecute those who had gone wrong in 1972 was Archibald Cox, whose remarks were recently printed in the Saturday Review of Literature. Professor Cox said that by the very nature of the system of financing campaigns as we do today, "suspicion is inevitable and universal, both when suspicion is justified and when it is not." He then continued:

"To restore confidence in the integrity of government requires a new method of financing political campaigns. The old method was good for its day, but now that government touches too many large donors' business interests, it generates public distrust even when untainted by corruption."

Professor Cox said that outlawing large contributions would dispel one source of private cynicism and public distrust. He said:

"Public financing would also help to quiet the growing fear that soon only very wealthy or corrupt men can aspire to public office. The monetary cost would be a trivial fraction of the annual federal budget."

Finally, allow me to address myself to the recent criticism of the financing concept by President Nixon. He suggested that it would be a misuse of taxpayer monies if funds were required to be spent for candidates and for ideas with which some of us might disagree. This is an unfortunate and specious statement for the man most responsible for our present tragic moments to have made from the platform of the Presidency. At every moment in the course of governmental work, monies belonging to all of us are being spent for programs with which some of us have no sympathy, or which we flatly oppose. This is inevitable. The illustrations are countless. Life goes on because our system is dedicated to the proposition of doing what is best for the greater number of people.

The very best thing you and I can do today for government is to work as hard and as quickly as we can to put public financing into law. Let us make that start no later than Monday by unanimously enacting A-1246. Thank you very much.

ASSEMBLYMAN FLORIO: Thank you very much. Are there any questions?

ASSEMBLYMAN SHELTON: General Hyland, in the event that this measure does become law, do you have any intention of seeking a declaratory judgment as to its constitutionality before the 1977 elections?

MR. HYLAND: Well, at the outset, I am not seriously concerned about its constitutionality. But

if that seems to any of us, or to some of us, or to enough of us to be a problem, that would be a very sensible way to put those concerns at rest well in advance of 1977. Yes, I would seek a declaratory judgment if, in my judgment, it was appropriate.

ASSEMBLYMAN SHELTON: Thank you.

ASSEMBLYMAN FLORIO: If there are no further questions, I would like to thank you, Mr. Hyland for coming before us.

MR. HYLAND: Thank you very much.

ASSEMBLYMAN FLORIO: Mr. Kunz?

P H I L I P E. K U N Z: Gentlemen and Mrs. Burgio, I think that you all have our written testimony before you and I don't have any intention of reading it; I just want to highlight it, with your permission.

For the record, I am Philip Kunz, Director of Social Concerns, New Jersey Council of Churches. In general, I think you will note that our testimony endorses both the intention and the substance of A-1246 before the Assembly Committee. I would like to note for your attention, however, along with this endorsement, our basic concern on page 4 with the high limit, or "front money" as one of the previous witnesses characterized it, for candidates who would be qualifying under the law.

We are suggesting that limit be amended down to \$30 thousand with the specific intention of encouraging non-majority party candidates to continue to participate in the process. I might add here, parenthetically, that from the gentleman's data gathering, \$12 thousand having been the previous high limit of an outside candidate, that even though this Committee

is in a rush, and there is good reason for them to be operating expeditiously, that we would seriously call upon you to try to find a way to put into this existing bill a lower threshold which would have the intention of attracting people into it.

I think, though I am not an attorney and though we have not had counsel on this, that if there is going to be a substantive constitutional test of this law it would be on the basis of, does it automatically tend to exclude people from the political arena who are now presently able to operate there?

We didn't think - when we were working on this - that a \$30 thousand threshold is the wrong kind of one; we think that is plenty high to exclude the frivolous, which is another kind of charge that has been circulated in some circles - "if you don't do this skillfully, all kinds of people will come out of the woodwork."

Gentlemen, if you have any questions to raise, I would be happy to answer them.

ASSEMBLYMAN FLORIO: Are there any questions to be directed to Mr. Kunz?

(no questions)

Mr. Kunz, thank you very much.

Do I see Mr. Schluter in the Assembly?

W I L L I A M S C H L U T E R: Thank you, Assemblyman. I have a prepared text and I think you have copies of that text. I would like to read from it.

The financing of political campaigns is of extreme importance on the matter of integrity in government. All around us, at the Federal and State and local levels, we have seen the pernicious influence of improper political contributions. In New Jersey, prior to 1973, the campaign contribution had

become the sophisticated conduit of political corruption representing a much more subtle device than the outright bribe or extortion. Your Committee is to be commended for holding this public hearing and for your deep interest in this subject.

As most of you know, I have "lived with" campaign financing legislation for the last 3½ years. As sponsor of the "New Jersey Campaign Contributions and Expenditures Reporting Act" (Chapter 83, laws of 1973), I had firsthand knowledge of the tremendous effort made by the previous legislature on this subject. The actual Senate bill went through 12 versions before final passage. It was the object of very strong efforts to cripple by amendment. According to newspaper reports, it occasioned the longest debate in the New Jersey Assembly that has been recorded.

There is a general consensus among those who have administered this law, as well as "experts" in this field, that the "New Jersey Campaign Contributions and Expenditures Reporting Act of 1973" has been successful.

The proposal before this Committee would provide partial public financing for gubernatorial campaigns starting in 1977. It uses Chapter 83 of the laws of 1973 as a foundation with respect to enforcement, disclosure and regulations. The

intentions of Assembly Bill 1246 are honorable and good, but I believe that the actual bill falls way short of these intentions. In fact, I see so many problems with the measure that, if enacted, New Jersey would be taking a major step backwards.

Let me state at the outset that I am not opposed to the principle of public financing for political campaigns. The Common Cause organization has developed proposed legislation in this area for the State of California which is very sound and to which I would give general support.

My testimony today will attempt to identify the weaknesses in A-1246, in the hopes that some sort of sound legislation can be developed. Simply stated, there are too many "bugs" in the bill before you, and these "bugs" must be worked out so that there is both balance and equity in this entire area.

The obvious objective of public financing is to remove improper influences from the electoral and governmental processes before they appear. I agree with Governor Byrne that this objective is desirable, and I agree that the total benefits can overcome any philosophical problems that one might have with using public taxes for such a purpose.

Let me outline the major deficiencies of Assembly bill 1246 and the possible repairs to such deficiencies.

1. Constitutionality

There are constitutional questions about using taxpayers money for the personal benefit of individual candidates. There is also the constitutional question regarding freedom of expression when limitations are imposed on the size and aggregate contributions that can be raised. I would respectfully suggest that this legislation be drafted in a form that would change the New Jersey Constitution. Such a change might indicate that a certain state tax can be used, up to specified limits, for the financing of political campaigns.

By putting this issue to referendum, I believe that you would overcome the constitutional obstacle of using tax monies against the will of the people. This particular approach is taken with regard to Federal campaigns and the so-called "check off" on tax returns. The State of California has an income tax which is also utilized under a "check off" system in the Common Cause proposal.

This suggestion to go the constitutional route is not made in an effort to "kill the legislation. I sincerely believe that the people of New Jersey would approve such an amendment if the total proposal is equitable and makes sense.

11. Narrowness of Application

This bill only applies to a gubernatorial race and only for the general election. Since the admitted objective is to eliminate corruption, are we to assume that legislative, county, and even city campaigns are now above corruption? This proposal, moreover, places

no proscriptions on the raising and spending of funds for political parties.

The entire effort of last year's law was a comprehensive one. Every loophole had to be plugged. Under A-1246, the money which is intended to corrupt and/or influence would go into primary campaigns and to political parties, so the pernicious influence of improper contributions would not be eliminated.

### III. Incumbents

Obviously, public financing at any level which provides for low contribution limits tends to favor<sup>an</sup> incumbent. Does the legislature believe that this is a desirable goal? Or do you believe that much of the vitality of American politics is a result of the ability for strong incumbents to be challenged?

### IV. Minority Candidates

It seems to me that the qualifying amount of \$50,000 of privately raised money would virtually eliminate minority candidates for Governor in New Jersey. One might contend that minority candidates have the right to challenge through the party structure. But I seriously question whether this ability would represent any kind of a challenge, because the political structure in New Jersey has the ability to be so self-protective.

One possibility for overcoming this deficiency is to remove any limitations on individual contributions for those minority candidates who cannot raise the qualifying amount.

#### V. Contribution Limits

The bill before you allows any individual to contribute \$600, or a total of \$1200 when combined with his or her spouse. This is a totally unrealistic figure, since it would only take 42 "donors" across the State to qualify a major candidate for public funds. With a political party assisting in raising these funds, the effort is so minimal that it is meaningless -- except, of course, for minority candidates.

#### VI . Institutionalization of Parties and Party Power Brokers

An analysis of this legislation arrives at the very simple conclusion that the two major political parties in New Jersey would be made supreme. The nomination process every four years would take on added significance, particularly in view of the great influence of county power brokers whose political organizations dominate their particular counties. Is this the end which you wish to achieve? Or do you believe that political parties should be more open and democratic?

#### VII. Appropriation Problems

Assembly Bill 1246 states that the legislature shall

appropriate funds for public financing of gubernatorial campaigns. What is to prevent a future legislature from reneging on this intention -- and appropriating nothing?

What is to prevent a future governor from line-item vetoing an appropriation under this bill? And believe me, it is not unreasonable to think that an incumbent governor, running for a second term, can "demagogue" this issue by rejecting the use of public funds. The obvious purpose of such action would be to put that governor's prospective opponent at a severe disadvantage.

Here again, I suggest that the constitution be amended to eliminate any possibility that future legislators and/or governors will thwart legislative intent through the appropriations process.

#### VIII. Limitation on Purposes

Section 10 indicates certain limited areas on which the public funds can be spent. This provision is completely ineffective -- in fact, it is a "hoax"--because the private funds can be used for other purposes, such as salaries and organization.

By way of additional explanation, I mean here that this is merely an accounting change and would not have any effect.

There are many legitimate reforms to Chapter 83 of the laws of 1973 that can be enacted. Assemblyman Burstein, I believe, has a bill which would clear up the problem of "public information organizations". Those of you who were in the legislature last year will recall that this provision was inserted by the Assembly Judiciary Chairman. Strong efforts were made at the time to remove it. But these efforts were not successful. The simplest correction here would be to take out any reference to lobbying in the definition of "public information organizations".

Assemblyman Thomas Kean has made some very valid suggestions, namely:

- impose a maximum limit of \$500 per contribution. I think a limit of \$250 such as in the Crabel-Dugan bill of June 18, 1973 would be more appropriate.
- eliminate corporate giving
- no cash contribution over \$25.00
- no contributions to be made within the two-week period prior to an election

I would advance the following proposals for your consideration to improve the 1973 law:

- prohibit gifts from public employees to candidates for office at the governmental level of said public employees.
- prohibit gifts from firms (corporate or personal) which do business with a particular level of government.
- impose regulations on personal and family contributions to a candidate's campaign.

-- require earlier reporting date(s) - have at least one more date, preferably 90 days before an election.

-- revise the limit of total expenditures in a campaign to more realistic levels. The present 50¢ per voter restriction is excessive for some counties and extremely restrictive for others -- elections for city office, in particular.

I don't mean to use the forum of this hearing as a device to suggest amendments to the 1973 law. I am merely pointing out that campaign financing is a complex issue which must be approached on a comprehensive basis. If there are deficiencies in last year's law -- and goodness knows, there are some -- these deficiencies should be cleared up as soon as possible. It is not necessary to conclude that any continuing problems would necessarily be corrected by public financing in a very small area. We have a good foundation; let's improve on this foundation.

One final word about the narrowness of Assembly bill 1246. I have heard people say that this particular bill should be passed and that legislation can be passed later to apply public financing to primaries, and still later to apply to legislative offices, et cetera. This particular notion was advanced by the previous speaker, Attorney General Hyland. Believe me, this approach will not work.

If I had capitulated last year to those who wanted to remove criminal penalties, I can guarantee that New Jersey never would have criminal penalties reinstated in the Campaign Finance Law. There were also other provisions that we held out for, and rightly so. One was the threshold of \$100 when the figure of \$500 was bandied about as being more desirable to certain people. Another was the possible exemption of, perhaps, two-thirds of New Jersey's municipalities from coverage by the law, which was eventually taken out of consideration.

I might say, to the credit of three incumbents that serve on this committee - two of them right here now - that their efforts in the Assembly, their strong efforts, to reinstitute the cover provision helped the bill pass, very much, in its original form as an ultimate measure. Without that help the bill that we have today, which I consider a good bill, would never have passed.

Legislation just does not work that way - that way of adding to it at later dates. You have to try to legislate in the entire area, not on a piecemeal basis.

I will conclude by repeating that these comments are offered in a constructive manner. I am not opposed to the principle of public financing of campaigns. But I do think that the bill before you would be a step backwards, and would accomplish very little. Thank you.

ASSEMBLYMAN FLORIO: Thank you. Do you have a question, Mr. McManimon?

ASSEMBLYMAN MC MANIMON: Yes. Mr. Schluter, as an individual who has lived with public financing

for the last three years, have you taken it upon yourself to inform the Governor or the Attorney General of your personal views, prior to this hearing, at any time?

MR. SCHLUTER: Not completely, Assemblyman. I have written to the Governor's office, even before I wrote to the Attorney General designate in December but was not consulted on any of my views.

I did write to his office - to the Governor's office - subsequently indicating, particularly on this constitutional matter, how I thought they could accomplish the purpose that he was trying to accomplish and not have the constitutional problem.

ASSEMBLYMAN FLORIO: Are there any further questions?

(no questions)

Thank you, Mr. Schluter.

MR. SCHLUTER: Thank you.

ASSEMBLYMAN FLORIO: It has been represented to me that Assemblyman Kean has another meeting to go to so I think we will take him out of order if no one has any objections. Assemblyman Kean?

A S S E M B L Y M A N T H O M A S K E A N: Mr. Chairman, I appreciate the opportunity to appear before the Committee today and offer testimony on the proposal to use public funds to finance gubernatorial election campaigns in New Jersey.

It goes without saying, of course, that this particular proposal is a rather radical departure from traditional campaign financing practices. I hasten to add, however, that the concept of public financing of election campaigns is one which should be thoroughly explored and not rejected out of hand simply because it does represent a break with tradition.

I should like to direct my remarks first to what I consider to be serious shortcomings in the legislation under study today --- shortcomings which, in my judgment, render that proposal essentially meaningless.

Unquestionably, the most glaring fault in this bill lies in its failure to cover primary elections. I understand that separate legislation is being prepared to remedy this problem, but it seems to me that a relatively simple amendment by this committee would be the easier and wiser course to follow, particularly if we are, in reality, as pressed for time as one would assume from the haste with which the Legislature is being asked to act on this particular bill.

The pitfalls inherent in this recommendation's failure to include primary elections in its provisions have already been articulated by other witnesses. I can only add my unqualified support to their contentions with respect to primary elections.

I am somewhat disturbed, Mr. Chairman, by the matching fund provisions of this legislation which would provide a gubernatorial candidate \$2 for each \$1 he raises from private sources.

If our goal is to reduce or eliminate the undue influences associated with political contributions from private interest groups or individuals, it seems to me that this matching grant provision is the wrong vehicle to use to attain that goal.

If a candidate is aware that for each \$1 he raises privately, he will receive \$2 from the New Jersey taxpayer, he certainly will continue to seek out the private contributor, raising the possibility of the kind of abuses and corruptive influences in election campaign financing which this bill purports to eliminate.

I must also comment briefly on what I consider to be the unseemly haste with which this legislation is being considered. This legislation has been described --- and rightly so --- as one of the most important and far-reaching to come before the Legislature in many years.

I agree that this is, indeed, so and the descriptive words being used by the supporters of this bill argue most forcefully for much more than the cursory attention it has thus far received.

The legislation, as written, would not affect any political campaign until the gubernatorial election of 1977. Certainly, the Legislature deserves additional time to study

a proposal this far-reaching that was introduced 5 weeks ago, but which will not become effective for three years.

Does the Committee accept the fears expressed in public print by some of the Governor's advisors that amendments designed to strengthen the bill will only serve to defeat it? Or, does the Committee accept the view expressed by others that the Legislature should approve the bill as written and act at a later date to clean it up, so to speak?

Either view, in my judgment, is an insult to the Legislature and the legislative process.

I would like to outline briefly several suggestions which I have put in legislative form which I feel can accomplish the ends which the legislation before you today purports to do.

First, place a \$500 ceiling on individual contributions, thus eliminating the disproportionate influences wielded by the so-called "fat cat" contributor who is in a position to pour substantial amounts of money into an election campaign in return for favorable treatment should the candidate he is supporting be successful.

Second, prohibit contributions in cash in excess of \$25 to any political candidate, a step which, I feel, could be the most significant one we can take toward cleansing the election campaign financing process. Large amounts of cash have been the source of nearly every case of public corruption in recent years. So-called "laundered" funds --- money sent on circuitous routes in an effort to conceal the contribution and the contributor --- "dummy" committees through which cash is funneled, and the creation of hidden "slush funds" all must be eliminated, but can only be eliminated by requiring donations to be in check form.

Third, place a ban on contributions from any corporation, partnership, incorporated or unincorporated association or political information organization. Again, this recommendation is designed to eliminate any source of obligation on the part of a candidate to such groups.

Fourth, bar a candidate for elective office from accepting contributions within two weeks prior to Election Day. Filing a list of contributors with the Election Law Enforcement Commission two weeks prior to an election will allow public scrutiny of a candidate's source of funds before an election.

And, fifth, provide for a single campaign finance committee for a candidate, thus eliminating a plethora of committees all involved in the financing phase of a campaign.

The financing of election campaigns is an area of the political process whose integrity must be guaranteed by legislative action. We, in the Legislature, must establish a system in which the people of New Jersey can have confidence.

In my judgment, Mr. Chairman, the legislation before your committee today fails to accomplish that.

ASSEMBLYMAN FLORIO: Thank you, Mr. Kean. Are there any questions? Mr. Shelton?

ASSEMBLYMAN SHELTON: Mr. Kean, I noticed that you, in your statement today, referred to the amount that you would prefer as the maximum as \$400. The statement of former Senator Schluter indicates that apparently at some other time you had suggested \$500 and apparently former Senator Schluter recommends \$250. Do you really think that this variation is that critical, between the proposed bill before us and these several suggestions?

ASSEMBLYMAN KEAN: That is not my major objection to the piece of legislation. There is one misprint in the statement. I had recommended \$500 and not \$400. I corrected it in some copies but probably not the copies I gave to the Committee.

No. There is \$100 difference. It seemed to me, therefore, that from one family \$1,000 was enough. But this is not, as I said in the statement, my major objection to this piece of legislation.

ASSEMBLYMAN SHELTON: Thank you.

ASSEMBLYMAN FLORIO: Thank you very much, Mr.

Kean.

Mr. Joyce?

J A M E S J O Y C E: Thank you, Mr. Chairman. As you are aware, I am the Democratic County Chairman in Camden County and have been for six years and during that time, and for 22 years prior, I have been very active in county and state politics. Therefore I have been involved with the job of raising campaign funds many, many times. And speaking for the various county chairmen, I can tell you gentlemen it is a job we don't relish; its a job we prefer not to do; but until the system changes, we are going to have to continue that job to raise the funds we need to elect candidates for statewide office.

You have in front of you today a vehicle to make a start in the changes that we need in the State to get us away from a job we don't like doing.

You know, as you look around the state and view the history of the state, particularly in the last two administrations - both Democrat and Republican - I think we realize that men in high office have gotten themselves into problems - men from the both parties. But did anybody ever stop to think that these men, and you men, and myself, may some day, because of a technical violation of the law, have the very same problem? When you have to raise funds you have to go to those people who are in the financial position to give you the monies that you need to run a campaign to elect your candidate. Those people are, very frankly - and nobody has said it before - builders, developers, contractors, vendors and, in many instances, people doing business with the state and the various counties.

Now how do you get away from that? Do you get away from that by legislation that Governor Byrne has advocated to you gentlemen here today? I think it is public knowledge that in the last gubernatorial campaign Governor Byrne stated that if he is elected it will be the last time a gubernatorial campaign will be financed by the so-called vendors and suppliers and builders and developers that I mentioned before.

It seems to me that individuals in past administrations who did have problems - maybe in their zeal and enthusiasm in raising the campaign funds that they needed - wrote a letter or made a phone call to try to help somebody that donated to their particular party and then all of a sudden, gentlemen, they wound up indicted; their lives ruined; their public life forgotten forever. Regardless of what the outcome of their trial may be, their personal and family life is destroyed.

It seems to me, you have in front of you today a bill that could stand some changes in it at a later date; maybe it is a bill that various amendments could take further than this bill goes - this could be done. But it seems to me that there has to be a beginning. It seems to me, as the Governor has said, that this is good legislation. Let's take the one step that is needed. Let's enact this bill into law.

It seems to me that the Legislature, in its infinite wisdom, can then make a detailed analysis and study of what areas you could expand into and then make those amendments and enact those, too, into law.

All I can say to you is this: Speaking as a

County Chairman, it is a tough job and it is a job that you-- All kinds of criticisms are heaped upon you. The one area in which you get more criticism in than any other is in the area of finance.

Gentlemen, I would like to say to you with all the sincerity at my command, get this bill out of committee, set it into law and then, if you have to make changes in the future, make those changes. But if you enact this bill into law the State will be better for it. Thank you very much.

ASSEMBLYMAN FLORIO: Thank you, Mr. Joyce.

Are there any questions?

(no questions)

Senator Martindell?

SENATOR ANNE MARTINDELL: Mr. Chairman, Members of the Committee, I appreciate your courtesy and that of your committee in permitting me to present this testimony. I have great faith in this Legislature and its wisdom and I think that it can be counted on to make the decisions that will protect the public.

I have been interested in this area for many years as a fund raiser- which I will discuss later - and as a member of the Democratic Policy Council, which studied campaign financing and came up with a report in 1971. I testified in Washington before the Senate Committee on this subject.

You are performing a great public service here today and the time is right. The cost to the public of private financing of campaigns in these days of Watergate should be clear. We have been made well aware of the contributions to CREEP.

I looked up a few of the statistics just for fun and I put them in here. The Farm Interests - Dairymen and Wheat Dealers - gave a total of \$462 thousand to the Nixon campaign. The price of milk today in New Jersey has risen from \$7.30 to \$9.50 per hundred pound weight over the cost in 1972. The so-called "wheat deal" has resulted in the rise in the cost of Kansas City #2 hard wheat from \$2.13 per bushel to \$4.76 per bushel - more than twice as much.

Contributions to Nixon of over \$5 million from the oil interests makes one wonder if the gasoline shortage is due not only to a real energy problem but to a promise to see the price of gasoline go from 40¢, which it was in November '72, to a projected possible 75¢ by this summer. Fuel oil was \$22.92 per 100 gallons in '72 and it is now \$36.23, and more than that in some places.

Mr. Mitchell and Mr. Stans are on trial right now for allegedly accepting a cash contribution of \$200 thousand from Mr. Vesco to intervene in his case before the S.E.C. This same Mr. Mitchell lent a sympathetic ear to ITT in order to bend the anti-trust law to allegedly arrange the largest merger in the history of this county, in return for a promised - and it was only promised - \$400 thousand contribution.

I am presently suing ITT because the indications are that ITT got a favorable ruling from the Attorney General in return for the promise of a large contribution. As a result, the company had funds which it was prepared to pledge to influence the politics, not only of our country but of other countries.

We have plenty of examples of how New Jersey taxpayers have suffered from corruption. What is the cost of contributions raised by Mr. Gross for the Cahill campaign of 1969? Corruption leads back to the indictments of members of my own party - what did this cost?

Campaign costs are escalating and advertising is the largest factor. Such escalation creates an "arms race" that neither side dare stop, and both sides face financial ruin from.

Someday we may nostalgically remember the two party system; its rickety structure is already seriously undermined by these costs. My party still has some debt left over from the '69 election - even now - and the Republican party is presently staggering under this year's campaign costs.

To take up specifically Assembly bill #1246, I do feel that this is an essential first step towards removing the taint of special interest money from the electoral process. Senator Kennedy, the other day, urged the United States Senate to approve federal bankrolling of political campaigns. He said, "It is the wisest possible investment the American taxpayer can make in the future of his country. If it works, our elections will, once again, belong to all the people of this nation."

New Jersey has the strongest governor in the nation and, as recent history has shown, it is the governor's office that is the target of the would-be corrupters. So, we should start there and take a little bit more time to study how to extend public campaign financing to other elected officials - which we should do.

I have been giving some thought to a bill to extend campaign financing to the Legislature, but at that level it gets infinitely complicated. I would not only be glad to look at anyone's proposal, but I would welcome it. The Policy Council, as I mentioned, recommended such public financing.

As far as it goes, the bill, 1246, has many excellent provisions. A candidate should be able to raise \$50 thousand to show that he or she is, indeed, a serious candidate and that there is sufficient support for the candidacy.

I think it is appropriate here to point out that it is women candidates who suffer most from the present system of campaign financing. Sissy Farenholdt in Texas and Ann Klein here in New Jersey illustrate this point - both with enormous debts. Sissy Farenholdt, I think it is six years later, is still trying to pay hers off.

When we have a bill for funding legislators I think my women colleagues will support it enthusiastically. I was able to fund a large part of my own campaign, but we shouldn't be limited to candidates with private means.

There have been suggestions made that the limit of \$600 per contributor is too high. I don't agree with this. You can't buy much influence with \$600, if that is the intention. A statewide campaign in New Jersey costs at least \$1.5 million - and may cost much more if we aren't able to do anything with federal legislation about advertising costs.

You have to get a lot of \$600 to get a third of that amount and I disagree with the comment that it would take only 40 or so - I am sure it would take a great deal more.

I have good credentials in the matter of fund-raising. I have raised over a million dollars for charitable purposes in the last 10 years and probably about half of that for political campaigns. I gave card parties that stretch from here to Washington. The usual way to raise that kind of money is with large contributions. It is a well known fact among fundraisers that 15% of the contributors usually give 85% of the funds. If you limit the top amount too severely, you are making the task absolutely impossible.

The McGovern campaign raised \$24 million in small contributions. The Goldwater campaign raised a great deal of money the same way. George Wallace does his kind of fundraising by passing the hat. But as far as mail campaigns for funds are concerned, it is a very expensive way to raise money. It is a very effective way because it has other benefits but it is very expensive.

I think an excellent feature of this bill is mailing, in the final few days, a 500 word statement by each candidate to all registered voters. This is somewhat similar to the League of Women Voters fact sheet and there is no reason why the League should have to pay for this public service. I should think they would support the bill for that reason, although I understand they don't.

There is one major change that I would like to suggest in the bill, as it is drawn. I would like to see that the provision of limiting individual contributions to the state committee to \$600 should apply every year and not only the gubernatorial years. I understand the reasons very well, having been Vice Chairman, why a state committee must be maintained;

they would want to be able to raise sufficient funds to carry out their duties in the off years. But I see real dangers in this lack of limitation.

The special interests that Governor Byrne and most of us want to put in their proper place in the system, could drive a Brink's truck loaded with thousand dollar bills through that loophole every off year. I am sure that it was an oversight by the drafters of the bill and I think that every year should be treated the same.

This limitation is unnecessary for county and municipal committees because A-1246 limits their contribution to \$10 thousand for gubernatorial elections. However, the bill allows the State Committee to make unlimited contributions to the gubernatorial campaign, and that is the danger.

In conclusion, I would recommend that Assembly bill 1246 should be supported as a first step and that once it is proved that the public is accepting public financing - and this takes some education - that we move then to pass legislation to institute public financing of the primary election - which is important - and also public financing of other elective offices.

I have a couple of comments I left at the other desk -- if I may?

This is on previous testimony. The question was raised about the Constitution and the First Amendment. I do not believe, although I am not a lawyer, that the court would not support this, in view of the Watergate climate; they would say there was a compelling interest, and there certainly is a compelling interest. I think they would support this bill.

One could amend the New Jersey Constitution but that is a long, long process and I don't think we should indulge ourselves in it.

The point was also raised about favoring incumbents. While an incumbent governor can raise \$1½ million without a problem, most insurgents cannot, so I don't think it is a valid argument. Also, if you take Congress as an example, they would have passed legislation long ago for public financing if they thought that it favored incumbents, and they haven't passed it yet.

As far as the \$50 thousand for major campaigns - that figure being too high for the minors to raise - if this is too high then they are not going to be serious candidates.

I do think-one final recommendation-it is important not to study this kind of legislation to death. It is important to have it good. It is important to have it careful. It is important to have the loopholes closed, as far as possible. I would recommend passing it and then amending it later if we see that there are things wrong with it.

ASSEMBLYMAN FLORIO: Thank you very much.  
Are there any questions? Mrs. Burgio?

ASSEMBLYWOMAN BURGIO: Yes. You say you feel that the women suffer more by the old campaign practices - how?

SENATOR MARTINDELL: It is much harder for women to raise money. Ann Klein has a debt of still over \$2 hundred thousand.

ASSEMBLYWOMAN BURGIO: I didn't notice any difference between myself and other candidates.

SENATOR MARTINDELL: You were lucky.

ASSEMBLYWOMAN BURGIO: Yes, I was lucky.

SENATOR MARTINDELL: Most of the women candidates that I have talked to have said that they do find it really very hard.

ASSEMBLYWOMAN BURGIO: Just because they are women?

SENATOR MARTINDELL: Yes, because it really goes back to the fact that because we are women, nobody thinks we are going to be elected anyhow, so they don't have faith in us.

(laughter)

That may be changing.

SENATOR FLORIO: Maybe because you are a woman you are incorruptible and that is why it is difficult.

SENATOR MARTINDELL: I don't know that is necessarily true but it might be a factor.

SENATOR FLORIO: Are there any further questions? Mr. Ewing?

ASSEMBLYMAN EWING: Senator Martindell, what would you recommend in place of the \$600?

SENATOR MARTINDELL: I didn't, I said I supported it.

ASSEMBLYMAN EWING: Oh, I thought you said that was low.

SENATOR MARTINDELL: No, I was for it.

ASSEMBLYMAN EWING: Oh, I see.

SENATOR MARTINDELL: I know there have been various proposals - \$500, \$400, \$250, \$100 - but I think \$600 is a fair average.

ASSEMBLYMAN FLORIO: Are there any further questions?

(no questions)

Thank you very much.

Mr. Zimmer?

R I C H A R D   Z I M M E R: My name is Richard Zimmer. I am Vice Chairman and Legal Affairs Director of New Jersey Common Cause.

I would like to introduce to you also, Nancy Becker, our Executive Director and Lobbyist and Ray Kohler who is a Professor at Gloucester County College and is also our First Congressional District Coordinator.

Common Cause is, as you know, a national non-partisan citizens lobby which has more than 14,000 members throughout New Jersey. Since its inception, a fundamental aim of Common Cause has been the elimination of the corrupting influence of large campaign contributions on the political process. For this reason, we have vigorously supported the principle of public election funding. We are delighted when Governor Byrne committed himself to public campaign funding during his election campaign, and we were encouraged when he repeated his pledge in his inaugural address.

**We were, therefore, all the more disappointed when we read the provisions of A.1246. In our view, this bill includes gaping loopholes which effectively undermine its stated purpose. We cannot support it in its present form.**

**What this bill does do is provide about \$2,000,000 in public funds for major party gubernatorial candidates. But the point of public funding of political campaigns is not simply to subsidize politicians. The proper purpose of**

campaign funding reform is to cut off the opportunity for large contributors to buy the influence of elected officials. Only when large contributions have been effectively prohibited, should public funds be used.

Under A.1246, if an individual wants to buy the gratitude of a governor, he can still do it. If a governor wants to exact political contributions in exchange for favors from the state, he can still do it. It is true a contributor cannot give more than \$600 under A.1246 to a gubernatorial candidate in a general election campaign. However, he can contribute unlimited amounts to the candidate during the primary election campaign, when large contributions are highly valued. If he bets on the wrong candidate in the primary, he will not lose his opportunity to make a large contribution, since he can make unlimited contributions to the winning candidate's state party committee in the year following the gubernatorial election (on Inauguration Day, for instance).

I notice there is a little statue of Don Quixote put up there on the Committee table. We didn't bring along our statue of Boss Tweed but we would like to recall what he said. He said, "I don't care who does the electing, just so I can do the nominating."

This bill does only half the job and in trying to do half the job, it does nothing at all effectively. We still have the same old system of nominations. How can you cleanse the system when you don't even address the integral part of it, which is

the nominating process.

It has been argued that this bill should be passed as a "first step" in a continuing process of campaign reform. We disagree with this suggestion. To pass a bill that spends \$2,000,000 of public funds in the name of campaign reform while not effectively blocking large contributions is not a first step. It is no step at all. It is not half a loaf; it is merely an expensive wrapper.

Now Attorney General Hyland, who we highly respect, has said the passage of this bill will restore the public's confidence in government. We feel the passage of a bill that purports to do something that it doesn't do will merely erode the confidence of the public still further. We feel that if you pass a bill that doesn't do the job, it will make all the more difficult the passage of real substantive legislation in the future. That is why we don't agree with the idea that you can pass a faulty bill and then fix it up later.

In the first place, how can you perfect a bill that hasn't even been tried out? We have three years before it will become effective. We know now the facts that we will know in three years. Let's do the job the right way. It is the Legislature's function to write legislation. It is the Committee's function to draft legislation. We urge you not to abdicate that function.

**Common Cause could support A.1246 if, at a minimum, adequate amendments were added to cover gubernatorial primaries and contributions to state party committees in non-gubernatorial election years. However, we**

feel that this committee should consider many other possible improvements in the bill. Most importantly, we would urge you to consider including legislative elections within the scope of A.1246. Because legislative races involve expenditures that are much smaller than those in gubernatorial campaigns, a single substantial contribution can make a significant difference in the outcome. Legislative candidates should be allowed to conduct effective campaigns without having to accept large contributions from special interests. Moreover, if the legislature were to be covered, public funding could have a test run in the 1975 elections, when only members of the Assembly will be running. Based on experience gained in those elections, the bill could be improved and perfected in time for the 1977 gubernatorial elections. This proposal and several others are included in a "model" public funding bill that Common Cause has drafted and which we are submitting to you.

We do not claim that our bill is the only acceptable public funding measure, but we do believe that the proposals encompassed in our bill deserve serious consideration by your committee.

Our model bill is based on A.1246 in several principal respects. We have gone along with the \$600 con-

tribution limit for gubernatorial candidates and have maintained the features which preserve the special role for political parties. We have incorporated the restrictions in A.1246 relating to permissible expenditures of public funds, tightening them up somewhat. We have expanded the commendable provisions of A.1246 dealing with broadcast time and free mailing privileges to provide for broadcast time and mailing privileges for both gubernatorial and legislative candidates in general and primary elections.

Besides covering primary elections and legislative campaigns and limiting contributions to state party committees in non-gubernatorial election years, our bill includes several other features differing from A.1246. Among them are the following:

1. Only the first \$100 of any person's contribution would be matched under our bill, rather than matching every dollar raised as provided in A.1246. Under A.1246, a family of four could contribute \$2,400 to a gubernatorial candidate. After matching, this would amount to \$7,200. We feel that this is too much money to be attributable to one family, especially when that family can make additional, unmatched, contributions to other candidates and to party organizations. The \$100 limit on matching would encourage candidates to seek support from smaller contributors, because small contributions

would be worth more to candidates than large contributions. As a result, office holders would be answerable to a much larger body of financial backers. Limiting matching to the first \$100 of funds raised would also save the government money, even with a 3-to-1 matching ratio, which is the ratio we propose for general elections.

2. To further encourage widespread participation by the electorate, our bill provides that, in order to qualify for public funding at all, a certain substantial amount must be raised in contributions even smaller than \$100. For gubernatorial candidates, these qualifying contributions would be \$50 or less and for state legislative candidates, they would be \$25 or less.

3. In order to put a reasonable limit on the aggregate clout of an individual contributor, we have proposed a limit of \$2,500 to be contributed by any individual to any and all candidates and political organizations in connection with a primary and another \$2,500 per individual in connection with a general election.

4. We have included a provision in our model bill prohibiting cash contributions or expenditures in excess of \$25.

5. We have suggested a flat prohibition on contributions by corporations, other business entities, labor unions and state contractors.

6. We have provided strong safeguards against the misuse of public campaign funds and have suggested mandating post-election audits of expenditures of these funds.

I would like to say a word about the haste with which this committee is considering this important legislation. David Broder, the political analyst, has observed that public election funding promises to alter American political life more fundamentally than any change since the momentous one man-one vote decisions of a decade ago. Whether or not the members of this committee agree with the criticisms of this bill advanced by Common Cause, you have an obligation to consider public funding legislation in a responsible manner and to inform and educate the public on this issue. We are aware that there has been considerable pressure on members of the committee not to hold public hearings at all. We commend you for your decision to hold these hearings, but we are disturbed by the short public notice that was provided. We are sure that there are many interested groups and individuals who could have testified here today if there had been adequate advance notice given. I have no idea what position these groups would have taken; they might even have endorsed the bill in its current form.

We believe this committee has an obligation to

solicit the views of other interested organizations and individuals and to consider seriously and responsibly the proposed improvements which are being submitted to you today. In addition, I understand that you have been presented today with two pages of amendments to A.1246 which have been drafted in the Governor's office and which a number of you have not had the opportunity to review. Although most of these amendments are technical, one of them in particular, namely the new subsection 4f, tends to create more confusion than it resolves. This new subsection raises the implication that any voter registration drive not within the narrow scope of the new subsection would be considered to be an expenditure in behalf of a gubernatorial candidate. I am certain that this result was unintended, but it is just another example of the problems that arise when a bill is forced through the legislature without an opportunity for the legislators themselves to study its provisions.

In this connection, I can only ask, "Why the hurry?" The bill as drafted will not affect any election prior to 1977. With three years to wait before the bill takes effect, I think the committee can spare a few weeks to determine whether this very important legislation is really adequate.

I would like to conclude by saying that there is no

reason why Governor Byrne, Assemblyman Burstein and Common Cause should not be on the same side on the issue of public funding of election campaigns. Frankly, we had expected that we would be, until A.1246 was actually submitted. Even now, we do not desire to impugn the motives of the Governor or Assemblyman Burstein. We recognize that Mr. Burstein was for a long time a voice in the wilderness in behalf of the cause of public campaign funding and that his concern with this subject predates that of New Jersey Common Cause.

We believe that our differences with the Governor and Assemblyman Burstein are primarily tactical. Both men have conceded that public funding of primary and legislative elections is desirable, but the Governor has obviously been advised that any bill more comprehensive than A.1246 will not pass the Legislature.

We believe the Governor is poorly advised. Public support for genuine campaign funding reform is more widespread than his advisors are telling him. We would like the opportunity to prove this to Governor Byrne. We urge this committee, after due deliberation, to report out an acceptable bill, that is, one that, at a minimum, adequately covers gubernatorial primaries and off-year contributions to state political parties. If you do that, we pledge that we

will mobilize our 14,000 members throughout New Jersey to lobby for the passage of the bill. We are sure that other civic organizations and interested individuals will join us in this effort and we are confident that New Jersey can enact legislation which will fully redeem the commitment made to the voters by Governor Byrne.

ASSEMBLYMAN FLORIO: Thank you very much, Mr. Zimmer.

Are there any questions? Assemblyman Shelton?

ASSEMBLYMAN SHELTON: Yes. Mr. Zimmer, are you informed, or do you assume, that the Governor has been advised that any bill more comprehensive would not pass?

MR. ZIMMER: On that all I know is what I read in the papers. The Bergen Record, for one, reported that Secretary of State Crabel advised the Governor that even to hold hearings would kill the bill. I think that reflects a low opinion of the Legislature and the general public but that is what was reported in the newspaper.

ASSEMBLYMAN FLORIO: Are there any other questions?

ASSEMBLYMAN CONTILLO: I have a question. It is a question I did not ask Mr. Burstein; I wanted to. Maybe he can think about it while I am asking Mr. Zimmer the same question - that would be, the cost of his bill, in a ballpark figure.

You mentioned the cost of the bill and how, in some instances, if the legislators were added to it it would not increase it appreciably. I would like to add one more question to that. In your summary you indicate that if it covers gubernatorial primaries and off-year contributions the state political organizations will support it and

yet your bill also includes the Senate and the Assembly.

MR. ZIMMER: Right. We have stated that those are the two additions which have to be made in order for the bill to be acceptable to us. We oppose the bill in its current form. It will be acceptable to us and we will support its passage with those two changes.

We think it can be significantly improved beyond those two changes. One of the improvements we would like to see is coverage of the Legislature as well as the many other changes that you will see if you read our model legislation. If you don't care to spend the time to read it, if you will look at our summary sheet you will find them there.

So, we are stating our minimum position. We certainly don't feel that the bill, as amended, with only those two additions, would be as good as it could possibly be.

Now as far as the expense is concerned, the \$2 million figure that I used in my testimony was derived as follows: The maximum spending limit of 50¢ per voter in the most recent presidential election resulted in a one and one-half million dollar spending limit - in the 1973 elections. This will probably be somewhat higher because there will probably be a higher turnout in the 1976 elections.

But, working on that one and one-half million dollar limit, two-thirds of it, roughly, would be funded through public funds under A-1246, that is because of the two-to-one ratio. It would be somewhat less than two-thirds because of the first

\$50 thousand will not be matched and party expenditures would not be matched. So, it would be a shade under \$2 million. It would probably be a shade over \$2 million when the 1976 voting statistics are used.

The Common Cause Model Bill would set a \$750 thousand limit for funding from public funds for any general election gubernatorial candidate. That is one-half the campaign expenditures. We feel that, because we are only matching the first \$100, there will be significant opportunity to raise private funds, although there will be a great incentive to raise small contributions.

So, for the general election, our bill would be cheaper than A-1246. For the primary election campaign we have set a \$200 thousand maximum funding limit for primary candidates who have met the test of raising a significant number of small contributions. Crank candidates will simply not be able to pass this threshold.

Assuming that there are 5 candidates - five serious candidates running, as there were in 1973, which is a fairly large number of candidates - if each were fully funded there would be another million dollars that would have to be spent. So, on the gubernatorial election - on both primary and general election stages - our bill, under the funding levels that we have set, would cost \$2½ million, as opposed to \$2 million for A-1246.

Just, very briefly, the State Senate general election funding limit - not spending limit, funding limit - would be \$10 thousand per candidate. That would give you \$800 thousand, if every State Senator met the threshold limit - and we doubt whether every State Senate candidate will.

A \$7 thousand maximum for the general election in the State Assembly races would cost \$1.1 million more. So, it is roughly another \$2 million for the legislative campaigns in the general elections. Making the assumption that every single Assembly District and every single Senate District would have a primary - which is an assumption that assumes a heck of a lot more primaries than we have had any time in our history - that would be about \$2 million for the primary in the entire State Legislature.

So, we think they are significant amounts of money but they are not exorbitant amounts of money. We feel, however, to spend \$2 million, as A-1246 proposes, and not to cure the abuses that you are supposed to be curing by spending that money is a waste of \$2 million, and that is too much money to waste.

ASSEMBLYMAN FLORIO: Are there any other questions? Mr. Ewing?

ASSEMBLYMAN EWING: When would you recommend it take effect, before the next gubernatorial election?

MR. ZIMMER: Well, if it were amended to cover legislative elections, we would urge that it take effect for the 1975 campaigns.

ASSEMBLYMAN EWING: What about prior to that?

MR. ZIMMER: Prior to that, yes, we would urge that the provisions relating to funding of political party organizations, which would be the main effect, would be covered and also our bill is drafted to cover special elections and it would cover that too. So, it would go in effect, essentially, immediately, although the most important effect would be in the 1975 campaigns.

ASSEMBLYMAN EWING: Would you make any recommendation that once this is put into effect, if it is several years off, that each party disclose what they have and then, at that time, use that as a credit against anything more that is going to be built up? Because under the present circumstances, one party could build up a very substantial amount of money in their kitty prior to the gubernatorial election. Because, you know, those that are in get it and those that are out don't. This is historic.

MR. ZIMMER: Yes. I think-- I don't know that either party has begun building a war chest for 1977. I think they are still trying to pay off for 1973. But if that is, indeed, the problem, we would support transition measures which would not penalize the parties but which would put the reforms into effect as soon as possible.

ASSEMBLYMAN FLORIO: I suppose the Committee will defer to Mr. Ewing's expertise with regard to those being in getting it over the last four years and we hope to make some changes.

ASSEMBLYMAN EWING: I was referring also to part of that when Mr. Kervick was running the Democratic Party and they had so much.

ASSEMBLYMAN FLORIO: I would just like to conclude with a comment with regard to some of the criticism in your comments with regard to procedure that has been followed by this Committee. I would like to say, and I think the Committee will stand by this, that the Committee has unanimously, consistently, and bipartisanly taken the position that this bill is deserving of adequate legislative deliberation. They have insisted upon - again unanimously and bipartisanly - having public hearings.

This belief was not shared in all corners; there were some sincere feelings by some that public hearings might, in some way, prove to be an obstacle to the adoption, by New Jersey, of the concept of public financing. That was not the motivation of this Committee and the scheduling of the Committee was done as a manifestation of good faith to show our confidence, and show our belief, in the concept of public financing. I am convinced that the members will deliberate on the evidence that has been presented to them today. It is my understanding the Committee is not going to make a decision this afternoon, they will take at least the weekend, into next week to evaluate the material that has been presented to us.

So, I think the Committee has performed admirably and that it does credit to the legislative process.

MR. ZIMMER: Mr. Chairman, I do believe that under the extremely adverse circumstances, the Committee has performed admirably. I do hope that the Committee will continue to perform its duty and, in the end, report out a bill which we can back and which can have the backing of the entire State and that will send a message to the rest of the country.

ASSEMBLYMAN FLORIO: Thank you.

The next speaker I'd like to call upon is Mr. Sayen.

W. H A R R Y S A Y E N: My name is W. Harry Sayen and I am Republican County Chairman in Mercer County and I should like to thank this Committee for the opportunity to speak today.

Is public financing the answer to and the cure for the public's almost total disenchantment with our

present system of raising political monies? To narrow the question to the bill at hand, does A-1246 answer the needs of New Jersey political reform?

For a person who is laboring mightily to bring about a shiny new look to politics and truly make it not a dirty word, I find myself almost self-conscious to be in opposition to what I feel may be a well-intentioned reform.

As to the first question I posed, my mind is still open to the concept of public financing. Pragmatic fund raiser that I am, my initial response to public financing was one of reception. This was followed by much studying, reading and arguments. Now, I have the strong feeling that the pro-public financing cause needs considerably more buttressing and a good deal more examination before I can fully subscribe to a program that has the following serious shortcomings and unknown effects.

- (1) The political parties which are already in distressful disarray could well be undermined further. Party responsibility and discipline would be eroded.
- (2) Will create a new layer of bureaucracy that might not always be so pristine.
- (3) I am a strong believer that the two-party system is next to the Constitution in giving this Republic its resiliency over the past two hundred years. But, I also feel that under our form of Government, 3rd, 4th and 5th parties should be allowed full expression. They have a right to make a particular point. Public financing would tend to kill this expression.

- (4) Think of the possibilities of manipulation by an incumbent.  
We have found, in the past, that all politicians are not white knights. And manipulation of public funds is not always as easy to spot as a manipulation of private funds.
- (5) Philosophically, having taxpayers pay for campaigns against which they may be dead set, and forced to support candidates whom they may reject, is a valid negative point.
- (6) Two hundred years ago, Alexander Hamilton and James Madison in particular, took pains to devise institutions to protect the interest of a minority group from being overwhelmed by the immediate passions or whims of the majority. In other words -- public financing could well restrict and limit electoral participation rather than broaden

But if I feel at this point I am uncomfortable with the concept of public financing (and I'm in the position of "show me"), I have no such visions of fighting motherhood in regards to A1246. It is a bad bill, totally illogical, raising false hope for the electorate, and encompasses many of the least desirable aspects of public financing. A1246 has the appearance of reform without the essential and necessary ingredients. To be specific:

- (1) Half measures are worse than nothing at all. The primaries are untouched. And primaries are a time when many candidates are set in the cement of promises.
- (2) Only the gubernatorial general four years hence is involved in A1246. Obviously, the bill has no effect on the legislators who must vote on it, or on the party machinery that must cooperate.

- (3) Meaningful public finance, in my estimation, must go the complete route, at least on a statewide basis; otherwise, we are deluding the voter. Legislators should be included.

Now, we cannot criticize without offering legitimate solutions to a problem that is at the bottom of the very real cynicism concerning the funding of elections. One year ago, I sat in this chamber and testified for the Schluter Disclosure Bill. I fought for, predicted, and am proud of the results of that Bill. Campaign funds did not dry up. Paper work was not overwhelming. People in New Jersey respect it. We are lucky to have this magnificent shield. We are, therefore, not under the gun to produce salutary legislation, the end results of which we cannot envisage. We do not have to pass a public finance bill that could well have the adverse effects that I have mentioned. We have the basic protection now. Let us examine what can be done in a positive way -- and be sure of the results.

- (1) Take the Disclosure Bill that is on the books and tighten it; improve it. Two examples would be earlier reporting; and invoke a ban on late campaign contributions. After all, early campaign money is the most effective money as any pragmatic political person well knows.
- (2) Put reasonable limits on individual gifts.
- (3) Reduce cash contributions to maximum \$25.00.
- (4) Reduce the unconscionable cost of campaigns.

(5) Tighten up conflicts of interest.

(6) No corporation or business gifts of any kind, and by that I mean corporate funds. And, furthermore, labor unions using union dues should also be banned from giving to a political campaign.

To sum up, given the significant shield of the Disclosure Bill which, after all, is the key (as dirty money does not like sunlight), let us not be panicked by a Watergate-charged atmosphere of reform. Speed could well do more harm than good. Let us continue to explore the possibilities of public financing, but in the meantime, cinch up Disclosure and thereby not lead the electorate to further cynicisms by promising a reform that at best is a beauty spot -- at worst, a new cancerous growth. And finally, I do not understand the reluctance of holding this hearing in the first place, nor do I understand the precipitousness after once deciding to do so. Of all bills that should feel the full impact of public participation, A1246, a totally new concept, should. I am sure many concerned people could not be present because of the haste with which this hearing was called. I ask this committee not to be afraid of the public, embrace it. The results might not disappoint you. Those of us who are committed to the public weal have a long way to go to build trust. And to do so, we must show trust. Additional hearings should be scheduled.

As a last word, in the hope of gentle suasion, for an administration which has expressed an interest in being observed under glass, I would suggest the window variety as opposed to the mirror. Thank you

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ASSEMBLYMAN FLORIO: Thank you very much, Mr. Sayen. Are there any questions?

ASSEMBLYWOMAN BURGIO: I have a question. Mr. Sayen brought out something I have been thinking about all morning, and that is when he said, "reduce the unconscionable cost of campaigns." Everybody here realizes that the way we raise campaign funds has got to be improved, but I think sometimes maybe we are going about improving only one aspect of this.

I thought perhaps we should shorten the campaign - use other methods like that - to reduce the amount of money spent, then we wouldn't have, at least, some of the abuses that we have now.

MR. SAYEN: I couldn't agree with you more.

ASSEMBLYWOMAN BURGIO: My one suggestion is a short campaign. I had a short campaign and I did not need nearly as much money as others who ran from the time of the primary, as I was a replacement on the ticket.

Now, do you have any other suggestions on reducing the cost of campaign spending?

MR. SAYEN: To me, that is a report in itself and that's why I didn't put it in here. But I have to raise the money for campaigns--

ASSEMBLYWOMAN BURGIO: I know, that's why I asked you.

MR. SAYEN: I have been convinced, from the very first campaign in which I was involved, that probably a good 50% is pure and utter waste, starting with billboards - name identification which has nothing to do with issues at all. I think they are an absolute waste - bumper stickers and the rest. I think campaigns should be shortened and I think they should be built around issues.

Just, I am sure, by putting limits on the

campaign and on the contributions, and by tightening up the disclosure bill, will then tend to cut back monies which are available - which, to me, is good. But once the Pandora's Box is opened up on public financing-- You don't know what an incumbent will do. Mr. Byrne is a great fellow, you know, but there is not always a Mr. Byrne there or someone else like him. You just don't know what will happen. But I am absolutely convinced that we are spending too much money on most of the campaigns.

ASSEMBLYWOMAN BURGIO: I think the people would thank us if we cut the campaigns down. A great many of the public just get tired of over-campaigning.

MR. SAYEN: Well, my key point in this whole thing, really, is: our political system is a very delicate balance amongst a myriad of forces and before you go on something like this - when New Jersey is luck to have the shield that they do have in the Disclosure Bill - I would look very carefully at what will happen to the parties when you take the fundraising away from them. I am going on a statewide speaking tour now, talking on this very subject - what is happening to our two-party system - and I think this is one more nail in the coffin. And the party system, to me, is next to the Constitution. Clean up the parties.

ASSEMBLYMAN MC MANIMON: I notice here that one statement you made, Mr. Sayen, was to take the disclosure bill that is on the books and tighten it.

MR. SAYEN: Yes.

ASSEMBLYMAN MC MANIMON: We all realize that it has been a good disclosure bill. We also realize that there are some shortcomings. Doesn't that also hold true with this particular bill? Realizing that

there are shortcomings, hadn't we better start from some basis?

MR. SAYEN: Well, my position is this: The disclosure bill so far has worked; tighten that up; see how that is for a year or so. This is for 1977. I just don't understand the speed - the alacrity - with which this is going through. Maybe somebody is trying to get oneupmanship on what was passed last year, I don't know. But it makes absolutely no sense to me to cover a 1977 gubernatorial campaign now and possibly uncover a can of worms the end of which you cannot see.

No, I do not believe-- See how the disclosure bill works for about - I would say - a good two years and maybe a lot of these problems that you think are being attacked in this particular bill will have been attacked through disclosure.

After all, when a man has to put his name in the newspapers - knows his name is going in the newspapers - he is going to think twice before figuring out what to do with contracts, and what have you. It has a very salubrious effect to see your name in the paper, giving money. Give it a chance.

ASSEMBLYMAN FLORIO: Are there any further questions?

ASSEMBLYMAN SHELTON: Yes. Mr. Sayen, do I take it to be your position that the past gubernatorial campaign would not have been run as well in the event this law were in effect prior to that last campaign, from the standpoint of doing service to the people of the State? Don't you think that there might have been much less criticism of the way monies were raised because of the difficulty of financing that campaign which attended both parties, if a law, such as this,

directed as it is solely to gubernatorial campaigns, were in effect prior to the last election?

MR. SAYEN: Good point. No, I can't see any great effect at this point.

ASSEMBLYMAN SHELTON: Well, would you concede that there is a value in considering a bill, such as this, immediately following a campaign when the problems of campaigning, and of being elected to the office of Governor, are not immediately around the corner, rather than wait until such time as a campaign is about to commence and then start considering the type of bill we are considering now, when political considerations might be of much greater moment than they are at this point, three years before the pressure is on?

MR. SAYEN: Yes, but I think it is working just the opposite way. No, I certainly wouldn't wait until 1976 to engender something like this.

I would like to see this disclosure bill worked for a couple of years and then take it from there - and also see the arguments that are coming out, on a national level, on public financing. I have read everything available, have heard speeches, and been to Washington on this very subject. Lord, there are good friends -- on one side John Anderson and on the other Bill Frenzel, both good, moderate, progressive men-- But let's see all the arguments there and the results. Read Dave Broder's book, "The Party is Over" and you might have a few second thoughts on this.

Right now it appears to me it is like the doctor collecting his fee while the patient's breath is still hot.

Here it is only a few months after the campaign. I would like to see that disclosure bill work for

about two years and listen to what is being said in the country, in other areas that do not have the shield that we have here in New Jersey from the disclosure bill, and then take it from there.

My mind is certainly not closed to public financing. It is completely open. I just - after my first jump, and then when I read what I read - decided to go a little slow and see the results, because I think it is just another nail in the coffin of the parties and I am convinced of that - but my mind can always be changed.

ASSEMBLYMAN FLORIO: Are there any further questions?

(no questions)

Thank you sir.

MR. SAYEN: Thank you very much.

ASSEMBLYMAN FLORIO: We have two remaining speakers. It has been represented to me that the Assembly will convene at 1:00, so we will proceed on with Mr. Ed Lloyd.

E D L L O Y D: My name is Ed Lloyd. I represent the New Jersey Public Interest Research Group.

NJPIRG is a non-partisan, non-profit, student-directed research corporation supported by college students on eight New Jersey campuses. NJPIRG's major areas of concern are land use and transportation, health care, environmental protection, consumer action, race and sex discrimination, corporate responsibility and government operations.

I would, first of all, like to commend this committee for scheduling public hearings on the matter of public financing of elections. This is an issue which is vitally important to the people of New Jersey,

and complete, in-depth public discussion of public financing should be encouraged and promoted. I must temper my praise for the holding of these hearings, however, due to the fact that only two days' public notice was given prior to these hearings. This is hardly enough time to prepare testimony and is totally inadequate notice to the people of New Jersey who should be given ample opportunity to analyze and discuss legislative proposals before public hearings on the matter. PIRG would strongly advocate the publication of notice of public hearings at least two weeks before they are to take place.

Section 2 of Assembly bill #1246 states in part that "it is the intention of this act that such financing be adequate in amount so that candidates for election to the office of governor may conduct their campaigns free from improper influence and, so that persons of limited financial means may seek election to the state's highest office." These are highly commendable goals and every effort should be made to attain them.

It is, therefore, unfortunate that Assembly bill #1246 falls short of the goals which it so succinctly sets for itself.

This bill is limited to gubernatorial general elections. If it is the goal of the bill to free candidates for governor from improper financial influence and to open eligibility to that office to persons of limited financial means, its coverage must extend to gubernatorial primary elections as well. The primary elections establish who the two major candidates for the general election will be.

To leave the financing of these primaries essentially unregulated while regulating the general election opens candidates for election in the primary to improper financial influence and prevents candidates of limited means from competing in those primary contests. To omit the primaries from the coverage of this bill all but nullifies the controls the bill seeks to establish by allowing financial abuse to continue right up until the primary date.

Secondly, the highly commendable goals set forth in section 2 are no less commendable or desirable in relation to elections of representatives to the New Jersey Legislature. The evils of financial influence and the limitations of elected officials to the wealthy are no less despicable in legislative elections than in gubernatorial elections. If the goals outlined in the bill are sincerely desired, these goals should be sought for legislative elections. NJPIRG urges that the provisions of this bill be extended to elections to the New Jersey legislature in addition to gubernatorial primaries and general elections.

Section 4.b. of the bill as amended by the proposed Assembly Committee Amendment would only limit contributions to \$600 - after the date of the gubernatorial primary. As stated above, this would permit the evils which the bill is designed, or intended, to eliminate to continue right up until the day of the primary, at which time, and after which, these practices will be stopped. To pretend that the bill is a cure to the abuses of money in politics, while overlooking contributions to the primary campaigns for governor totally ignores the fact that the winners of the party primaries will be the two major candidates for election in November. A \$600 limitation

for only the general election is tantamount to no limitation whatsoever if, on the day before the primary, a contributor could hand over an unlimited amount of money to the candidate. NJPIRG believes that the provisions of the bill must be extended to primary elections if they are to have any effect at all.

Section 4.d. of the bill as amended by the proposed Assembly Committee amendments - which is section 4.c. in the original bill - limits contributions to the state committee of a political party for the entire election year. This expands the limitations set forth elsewhere in the bill, but there are two glaring defects in this provision. First of all, there is no limitation on contributions to the state committee in off-election years. Thus, in December, 1976, a contributor could make an unlimited contribution to the state committee for the following election year. Perhaps, even a worse abuse would be a substantial and unlimited contribution to the state committee in the January following an election year. A large contribution on the date of the inauguration of a governor has no less impact than the same contribution six months earlier. The second loophole in this section is that it only applies to contributions to the state committee. If its coverage were to be extended to all persons and all committees, a significant step toward strengthening the bill and eliminating campaign abuses would be taken. Such a provision would limit the total contributions to a candidate through any mechanism whatsoever to \$600 per person, per year. Thus, a person could contribute a total of \$600 to a candidate for the primary and general elections. This change would, in essence, extend the \$600 limitation

back to the primary campaign. Such a change is necessitated and dictated by the very goals of the bill and is strongly recommended by NJPIRG.

One final point should be made. Section 4.f. of the bill, as amended by the proposed Assembly Committee Amendments, deals with non-partisan registration and get-out-the-vote drives by corporations and labor unions. NJPIRG feels strongly that any non-partisan registration and get-out-the-vote drive by any non-partisan organization should be exempted from the bill and that such an exemption should not be limited to merely corporations and labor unions.

In summary, NJPIRG recommends:

1. that the bill be extended to include gubernatorial primaries and primaries and general elections to the New Jersey legislature;
2. that the \$600 limitation on contributions be extended to primary campaigns and be made an annual limitation rather than a limitation on each campaign; and
3. that non-partisan registration and get-out-the-vote drives be exempted from the bill.

Thank you.

ASSEMBLYMAN FLORIO: Thank you very much. Are there any questions?

(no questions)

Thank you, Mr. Lloyd.

I would like to now call Mr. R. L. Soloym.

R I C H A R D S O L O Y M: Mr. Chairman and Members of the Committee. My name is Richard Soloym. I live in Fort Lee, New Jersey. I speak to you today as the Legislative Vice President of the Federation of New Jersey Taxpayers.

I speak in opposition to the bill, A-1246. There are many reasons why this bill is a bad bill.

First, it is not a proper function of government to engage in campaign financing. This, to me, is the most important reason of all why we oppose it.

There are only three basic proper functions of government and they are, in the order of their importance; one, defense against foreign enemies; two, maintenance of law and order within the territorial limits of the state or territory; and, three, human nature, being what it is, there will always be certain individuals who will try to take advantage of their fellow man, therefore a certain amount of regulation of trade and commerce is necessary to keep these people in line. But other than this very minimum of regulation, there is only one basic, proper function of government and that is to provide a peaceful climate within which the competitive free-enterprise system may flourish.

So let us measure this bill up against these three criteria. First, does it fall within the scope of defense against foreign enemies? No.

Second, does it help to maintain law and order within the states? I think not.

Third, it is part of the minimum amount of regulation required to keep the greedy from taking advantage of the unwary? No, it does not.

Obviously, then, financing political campaigns is not a proper function of government and no government, either state or federal, should ever engage in something that is none of its business.

Getting down to the nitty-gritty of this bill we find many faults, the most important being that it

will greatly increase the taxpayers burden. There is only one source of public funds and that is the taxpayers' pocket.

I am in close touch with taxpayer groups throughout that State and I tell you in all sincerity, I hear rumblings of a tax revolt. Taxpayers are saying, openly, to each other, "let's just stop paying taxes." This bill would add fuel to the smoldering coals of a tax rebellion. It probably would be the most unpopular legislation ever passed, surpassing, perhaps, even the income tax as the voters' number one hate.

Voters do not want their money taken away from them by a faceless Trenton bureaucracy and handed over to some candidate that they might very well dislike. Doubtless the voters will make a point of learning the names of every legislator who votes for this bill.

Another important objection is that the bill is unconstitutional. In my opinion it is in violation of Article 8, Section 3, Paragraph 2 and 3. This point has been covered by other speakers and there is no need for me to belabor the point.

The erosion of public confidence in elected officials was mentioned - erosion of confidence in our government even. In our opinion, this bill would further erode the confidence and, perhaps, even destroy it - destroy it completely.

The public knows only too well that we have far too much government already. They object to "big brother's" intervention into their daily lives, and now this bill would be a further intrusion into their right and their freedom to spend their own money the

way they want to.

It is not necessary to pass this bill in order to get integrity. Some of the previous speakers have touted integrity as the reason why you want to pass this bill. Integrity in government can be obtained by a prompt and thorough enforcement of the present laws, including the newly passed disclosure law. I agree with the previous speaker when he said that a man will think twice about making a contribution if he knows that his name is going to appear in the paper, along with the amount he contributed, and to whom he contributed it. There is no need to go any further along that line.

These are notes that I made this morning after I arrived here. I wasn't prepared at all and I would like to say that I think your first date, that had been previously set, was the one you should have adhered to - you shouldn't have pushed this hearing forward. I am sure that there are many people who would be here today testifying if they were given enough time to prepare.

I do think that this bill is a bad bill and I do hope that this committee will report it out on the floor unfavorably.

I thank you for allowing me to be here today to testify.

ASSEMBLYMAN FLORIO: Thank you very much.  
Are there any questions?

May I just say, sir, that rather than take the time to go through the academic discussion of the broad philosophic differences that you have with the bill--

MR. SOLOYM: Right.

ASSEMBLYMAN FLORIO: --may I just say that,

appreciating the classic definition of government that you provided, I would suspect that the divergence between myself and you - and perhaps other members of the committee - is that we feel that government cannot in any way perform the functions that you have outlined as the basic functions of government, if, in fact, government in a democratic nation does not have the confidence of people. One merely has to read the newspapers to feel that the confidence is not there at this point in time and that this bill is regarded by its supporters as a means of restoring that confidence.

So, though you are entitled to your opinion as to what legitimate functions of government are, it seems to me that this bill is attempting to address itself to making government operative so that it can address itself to those functions.

MR. SOLOYM: Perhaps you could elucidate a little bit more and explain to me just how this bill can possibly restore confidence in government?

ASSEMBLYMAN FLORIO: We are here to hear your testimony and you have presented your feelings. I am just saying that there is a broad difference between your approach towards the rationale for this bill and, obviously, the approach of the sponsor. The sponsor has, what he regards, a legitimate basis for the bill and we will find out if the Assembly agrees with him or not in the very, very near future, I suspect.

MR. SOLOYM: Well, in the final analysis, I guess it is the voters who are going to say whether they consider this a good bill or a bad bill.

ASSEMBLYMAN FLORIO: Certainly. Thank you very much.

I understand that the State Treasurer, Mr. Leone, is on his way and would like to be the concluding speaker. We have allocated 7 minutes for the Treasurer and we are going to give him three minutes to get here.

While we are waiting for the Treasurer, it is my understanding that Mr. Shannahan has arrived. He was previously scheduled and he would like to take a few minutes to make a statement. We would be happy to hear his comments. Mr. Joseph F. Shanahan?

J O S E P H F. S H A N A H A N: Mr. Chairman, Members of the Committee. I am Joseph F. Shanahan of Lambertville, New Jersey, representing the South Hunterdon Taxpayers Association, a non-partisan organization of working taxpayers who are opposed to this proposed Assembly bill, 1246. Since we have not had much time to prepare, having only heard about this hearing in yesterday's paper, we hope that our brief statement in opposition to the use of public funds for the financing of gubernatorial campaigns will not be interpreted as even so much as a spoke in a wheel of vehicular obscurantism, as was implied as a possibility in that newspaper article. Obfuscation, perhaps, but never obscurantism.

We have one basic objection to, and one suggestion for this legislation, First, we object to it on the grounds that it is an unconscionable and unnecessary expenditure of public monies. To transfer public funds to finance private aspirations, no matter how noble the intent of the act may be, has to be unconstitutional. If it technically is not, then it should be made so.

Our suggestion has to do with other possible alternatives to correct the mischief. Is this the only way that candidates for Governor may conduct their campaigns, free from improper influence, and that persons of limited means may seek such election? We respectfully suggest a possible alternative - the election of the Governor by the Legislature through some adaptation of the parliamentary system, thereby eliminating the need for any public campaigning at all; of course this would mean a major change in our state government but we have both the time to consider and the time to implement this. If a new congressional redistricting plan can be seriously propounded in the legislature within a month of the primary filing date for such offices, certainly four years, or nearly four years, until the next gubernatorial election, should be sufficient to consider alternatives to the large expenditures which seem to be inherent in this bill.

We would like to take this opportunity to urge this committee and all the members of the legislature to take hard, second looks at all bills which involve large expenditures.

In conclusion, we would like to thank the Chairman and all the committee members for their sense of fair play in holding this hearing and affording us the opportunity to make this statement. Thank you.

ASSEMBLYMAN FLORIO: Thank you very much, sir. Are there any questions?

(no questions)

We appreciate your testimony. Thank you.

Mr. Leone?

R I C H A R D C. L E O N E: I want to begin with an apology for keeping the committee waiting. I thought I was going to testify somewhat later. I don't know whether this is worth waiting for or not but I think the bill is, so I'd like to summarize my written testimony since it will be available to you in a few minutes and will touch on a few other points.

I am testifying today, not so much as the State Treasurer, but rather as someone who has been a campaign manager in New Jersey and in other states and who has taught campaigns and elections at the graduate level of Princeton and who would probably go around saying he was an expert on politics if that weren't a pretty bad thing to say in these times. I think in part, because that is a bad thing to say, I feel this bill is very important.

I think this is an historic legislative proposal that could help change the system that has brought disgrace upon our state and upon its political system and has made it difficult for all of us to be involved in politics.

I have come to believe, very strongly, that fund raising, as it now exists, has a pernicious effect on the elective process. It becomes, for many candidates, the dominant campaign exercise. I have known of some who spent more than 50% of their time involved in fundraising. Some candidates and their managers come to view the solicitation of funds as the predominant activity of the campaign; it effects their strategy, their advertising, who

they see, what they talk about, etc. Inevitably it effects the way they come to perceive public office and who they come to perceive as important to them.

In my judgment that is an intollerable distortion. A free election should enable a candidate to talk to all sorts of people, regardless of whether or not they can become major contributors.

I might add one point, that is even true under our campaign spending limit. In fact, I think it is more true than without the limit. In major campaigns - statewide campaigns - there is a comparative advantage, obviously, of raising large amounts of money from individual contributors. That is because it, basically, takes about as much time to get a large contribution as it does to get a small contribution. Therefore, in the nature of the case, all candidates who need large amounts of money tend to be inclined to spend that time with the big contributors. In fact, under our campaign spending limit, since any money you spend to raise money through, for example, direct mail or newspaper advertising, counts against your limit, it is also inefficient to try to raise small amounts of money. So you find candidates, over and over again, trying to go for the big chunks.

I want to say a couple of things about this bill as this administration sees it. Governor Byrne has emphasized that it is only a first step. We recognize the desirability of going beyond the general election to primary campaign financing and to experiments with legislative campaigns. But we believe that it is crucial to establish a precedent now and to fulfill Governor Byrne's and his party's

campaign commitment. In addition, I would add that the vast bulk of the so-called "smart money"- that is, the money that is interested in campaigns - comes into the general election and not into the primaries. In our own campaign last year we raised five times as much money for the general election as we did for the primary. I think that it is obvious that reducing the necessity for that would have a significant impact on New Jersey's politics, even if we did nothing else. I think it can stand on its own merits.

I also believe that the bill would be valuable simply for the sake of this and other administrations, for it represents a declaration of independence from big political money; a declaration we should make right at the beginning of a new administration. We can send a signal with this bill that the Byrne administration, in its dealings with people, will not be motivated by a concern about future state campaign contributions.

I believe that this would have been the case even without the bill, but I also believe that the public requires, and has a right to ask for in these times, hard and unequivocal evidence that we mean it.

Some of the questions ahead of us will be difficult ones as we move into other areas of campaign financing. I am convinced that we will resolve them but I likewise believe that if we don't act now we would have very little confidence in our ability to solve the future problems. I think it is important to pass this bill now. I think it merits prompt action by the legislature.

Now, let me say something for a moment as State Treasurer, before I close. This bill, as you

know, is financed out of general treasury revenues. I think it is important enough so that even with our tight budgetary situation we can justify that expenditure. But I would urge two things. The Governor has taken the position that the Congress of the United States should amend the current program of earmarking federal tax returns in order to make a second dollar available, which would go to state elections - it would be returned to the states. If such a bill were passed - and I think we could get a lot of support for it in New Jersey if we start with the legislature - it would, in fact, probably eliminate the need for more state financing at some future date.

Second, and I say this as pure speculation, if, at some future date, New Jersey adopts an income tax, I believe that the legislature should include in such a proposal an earmarking provision. That too would provide a dollar of money from the people and would probably eliminate a lot of the provisions of the current bill.

This bill is designed for our special circumstances now and we think it is achievable. I'd like to take a moment to also address myself to a few criticisms that I understand were raised earlier in the day. There may be some advantage to being late. One is, I gather some people have criticized the bill because it seems to preclude people who don't have the \$50 thousand. Obviously that is not true. The bill is neutral. The sole purpose of the minimum requirement is to prevent us from having - as Charlie Sandman used to say - "Yankee Stadium filled with prospective candidates."

We clearly have to have some screen; some way of limiting the number of candidates to those with some form of popular support. In this case we have

a fairly minimal - in a general election campaign, I think it would have to be lower in a primary - requirement in terms of fund raising. Anyone, in fact, who is a serious candidate in New Jersey would have no difficulty in a general election, with the many months involved in that, in raising the initial \$50 thousand.

Third, I understand that people think this bill favors incumbents over challengers. The logic of that escapes me because I believe it is obvious, again, that the opposite is true. It is quite simple, relative to a challenger situation, for an incumbent to raise money. That is one of our problems; while people are in office they raise a lot of money in order to have it for future reelection campaigns. This bill, in a sense, tends to equalize the challenger's situation, since the incumbent can draw no special advantage from his long incumbency, in raising money - or at least that advantage is substantially reduced.

I also understand that there has been criticism of the haste with which the administration is moving on this. I can only say two things: We have been talking about it for a year. We talked about it during the campaign. We introduced a version of this bill last June. The Governor made it clear that it would be the preeminent part of this program during the first months. It became clear, many months ago, that he was likely to be the Governor. He has been elected for a number of months. I also think that the argument that I made earlier about the desirability of declaring our independence from future big fund-raising at the beginning of the administration is essential. I think there will be substantial doubt

about whether we will have public financing if this bill were to fail and that will affect people's perceptions of whether or not we need to raise money.

Finally, a moment on the question of whether or not this bill goes far enough. It is the first step. It is not the solution to the problems caused by the mixture of money and politics. It will not save us from dishonest men. It will not solve the problems of primaries or county freeholders' elections. But it addresses itself cleanly, and I think legitimately, to one aspect of the problem. Again, I believe that if this Legislature does not act on that aspect, there is very little reason to believe they would act on much broader proposals that covered many other areas where it would be more difficult to solve other questions.

That is something I hope we will do and the administration will support. This bill, on its own merits, I hope, will get early action. Thank you and I will be glad to entertain any questions.

ASSEMBLYMAN FLORIO: Are there any questions?

ASSEMBLYMAN MARINO: You speak about a screen of \$50 thousand. Would another suitable screen be all right with the Governor - say we had 50 thousand signatures?

MR. LEONE: One of the possibilities would be the petition requirement, particularly, for example, for a primary situation. Again, I think we have to remember what we are talking about here. We are talking about general election candidates, one of whom is likely to be a Democrat and one of whom is likely to be a Republican. For them, I think we'd all agree, there is very little problem with this. So, the screen addresses itself to candidates of

third parties and small splinter candidates. There are alternatives, either financial or in terms of a petition requirement. It was our feeling that a petition requirement might turn out to be more restrictive. It is very hard to get 50 thousand signatures. I think some of you will recall that that requirement kept Governor Wallace off the ballot in Ohio in 1968. Now however desirable I might think that was, we all know Governor Wallace is a real force in American politics. That was a general election requirement and he could not get on the ballot there.

So, the numbers become a little hard to deal with and we think that \$50 thousand is not difficult for a candidate, with a popular cause and with some real chance of making a showing in the election, to raise. That was our reasoning. Now, obviously, there are other arguments.

ASSEMBLYMAN FLORIO: Mr. Leone, you made reference to the possibility of - whether it was your suggestion or whether something is being explored - incorporating another box on the federal income tax form for state elections; is there anyone who has done anything in this area?

MR. LEONE: Yes. Governor Byrne has proposed that the National Governor's Conference take action on it in June. He is going to be communicating with the legislative delegation.

We, frankly, think from some initial conversations - it was the Governor's idea and then in following up on it - that it is not one of those farfetched proposals, that congressional reaction is likely to be pretty good to this and we may well have a chance of getting it. But, again, it may

take a year or two. It would affect this bill at some later date.

ASSEMBLYMAN MARINO: We are discussing now a bill that you say the Governor promised. But, as we know, the next gubernatorial election is in 1977 and this bill is only a beginning; so if we begin in 1977 then we are going to get into the legislature in 1979. Inasmuch as there is a legislative election in 1975, wouldn't it be more appropriate to start the Governor's idea in 1975 with the legislature; iron out all the bugs that we find in it during that election; and be ready to go with the new governor's election in 1977?

MR. LEONE: There are two points I'd like to make here in response to that. First, the Governor and the administration support the idea of developing a campaign financing bill for the next legislative election. We don't have such a bill at this point but we would support development of such a bill with the legislature.

The second thing is, and I really ask your understanding on this, we are in office. We are in offices, many of us, which have a taint over them because of previous holders of those offices and previous scandles, to be blunt about it. Most of those scandles involve fundraising. We think it is legitimate public concern and legitimately in the public interest to say now, during these first months when we are making decisions that affect many people, this bill has been passed; we are not going to be raising large sums of money from any individuals; that's the kind of government we are going to run. That is one of the reasons this is our first priority. The second is, we really believe, and this is a

political judgment, that there is the broadest support for this particular component of the total campaign financing reform package. We believe that if we break the ice we will be more likely to get legislative financing and primary financing. We think if we try to do it all at once it may turn out to be more difficult. That is a judgment.

ASSEMBLYMAN MARINO: My question was more; Why don't we start with the legislature and then go in to the gubernatorial election?

MR. LEONE: Well, nothing precludes us from later - sometime between now and the '75 elections - enacting legislation which affects the financing of legislative campaigns. That is possible.

ASSEMBLYMAN SHELTON: I know the time is drawing late and we are over our limit, but we have heard a great deal of comment, Mr. Leone, from both sides, on the philosophical question of whether or not this is a good idea; whether it goes far enough; whether it should be enacted or whether it should be defeated at the beginning. I think there are two questions that disturb me, primarily, from all that I have heard. One has to do with the possibility of abuse by the making of substantial donations during a primary campaign which would not be controlled by the limitations of the \$600 - that would be before the primary elections. What do you feel is in this bill, if anything, which would prevent that type of abuse; and if you don't consider it a serious problem, why not?

MR. LEONE: Well, first of all, the bill does prevent you from carrying over primary monies, which means that those monies would not have an impact on a general election campaign.

Secondly, I favor a limitation on primary campaign spending in the context of a general campaign financing bill for primaries.

This bill doesn't solve the problem of what's wrong with fundraising in the primaries. This bill, I think, can stand on its own. I don't think that removes the obligation from the Legislature and the Governor of going ahead with another bill that affects primaries. I just don't think the fact that is not in this bill means that it is not a good idea to do something about the general elections.

ASSEMBLYMAN MARINO: Just one further question, Mr. Chairman. There has been some comment, particularly from the New Jersey State Bar Association, that there is a serious deficiency in this proposed bill in that it would be possible to circumvent the \$600 limitation on individual contributions by making contributions through, in effect, dummies - political groups, political committees, through family manipulations. What is there to prevent, if anything, the sort of thing that has been objected to by the State Bar Association?

MR. LEONE: Well, any other contribution which was earmarked for a gubernatorial campaign would be illegal under this bill, no matter what committee it went to. I think the bill has to permit people to contribute to other campaigns - through county committees, if they want to support freeholder races, or legislative races, or other things.

It clearly forbids such contributions which would be earmarked for a pass-through arrangement to the gubernatorial campaign.

ASSEMBLYMAN MARINO: Thank you.

ASSEMBLYMAN FLORIO: If there are no further questions, I'd like to thank you, Mr. Leone.

(written testimony - page 100)

I would like to state that the Committee will now take a recess and will reconvene at 3:00 in room 222 to consider the rest of the items on the agenda for the day.

Thank you very much.

(hearing concluded)

League of Women Voters of New Jersey  
460 Bloomfield Avenue, Montclair 07042

January 1974  
Post Board Report

TO: Presidents (DPM, pass to Rep. Gov't. Chairmen)  
FROM: Marj Jones, State Rep. Gov't. Chairman  
RE: Campaign Financing

NEW JERSEY CONSENSUS ON CAMPAIGN FINANCING

The League of Women Voters of New Jersey believes that improved methods of financing political campaigns must be initiated in order to restore citizen trust in our government and its leaders. We further believe any new state legislation should be directed toward:

- making the system totally open and accountable to the public
- encouraging and expanding citizen participation in contributions and campaigns at all levels
- providing all serious candidates with equitable time and funding to compete for office
- eliminating corruption and undue influence by any individual, organization, or business and industry

To achieve these goals we will work for :

1. Full disclosure of all campaign contributions and expenditures, prior to elections;
2. One central committee for each candidate be legally responsible for the accounting, dispensing and reporting of all financial transactions;
3. Limitations on total contributions from any one source to any one candidate or party, to include goods and services, with stringent restrictions on cash donations;
4. Limitations on total expenditures taking into consideration the special needs of lesser known candidates, unequal geographic areas, population and changing cost factors, thereby giving the candidate free choice in the spending of these monies;
5. Limiting length of campaigns and reducing their frequency (by longer terms of office), with the expectation of increasing voter interest and participation, and reducing overall costs;
6. A combined system of public and private campaign funding to promote small individual contributions, including limited tax credits/deductions, and voluntary tax check-off. The League of Women Voters has long supported a graduated state income tax, the adoption of which would make possible credits, deductions and check-offs for state campaign funding;
7. State level funding and control of registration and election procedures;
8. Provision of opportunities on TV and radio for all serious candidates in comparable time slots to encourage in-depth discussion of the issues;
9. Establishment of an independent body to monitor and enforce all campaign finance laws.

NEW JERSEY COUNCIL OF CHURCHES  
GOVERNMENT COMMISSION

Testimony on A 1246

March 28, 1974

The New Jersey Council of Churches is pleased to note proposal of public finance for general election campaigns in New Jersey Gubernatorial races. We feel this is a necessary, and constructive reform.

The bill in point, A 1246, does not offer, of course, a complete reform. Nonetheless, the substance of this bill should be enacted to give the commonwealth the relief deserved and to give experience in the strengths and inevitable hitches in public campaign finance.

We are happy to include here in the record our commendation of Governor Byrne, who has made this measure a priority issue, and Mr. Burstein the sponsor, together with his co-signing Assembly colleagues.

With our basic endorsement of this bill, we must underscore an important problem: Minority candidates, not nominated by either the Republican or Democratic party are virtually excluded. This fault must not be played down. Indeed, even if it should pass Constitutional muster before the U.S. Supreme Court, it is ethically wrong. The proposed \$50,000 threshold for candidates in the general election is far too exclusionary of the minority aspirants.

Recent history illustrates an ample field of candidates seeking to affect the public decision on issue priorities through the forum of the Gubernatorial race. This phenomena is quite valuable to the public. More important, we must not de facto or de jure exclude persons from the competition.

The \$50,000 entry limit on page 4, lines 133 through 141, should be amended to \$30,000. In addition, language should be added at the end of the bill in terms to be enacted clearly construing that the intention of the law is to include and not exclude non-major party candidates.

NJCC recognizes that some will argue that the public treasury should not bear the expenses of candidates who have a minority status. They will suggest that they are the practical persons who are saving the people money.

This argument is improper. The finance of the campaigns can be safely borne for the several minority candidates as well as the two major aspirants. The object of this new reform is not cheap campaigns. The object is prevention of corruption through better finance and, most important, honest control of finance.

A \$30,000 threshold will be quite high for minority candidates. Review of the fund raising by such persons in the last ten years will indicate the perennial problem of raising solid finance for minority candidates. The limit is far too high to attract the frivolous.

Since we are to conduct a grand experiment in reform, we must resolve to include at least the present ingredients in the political soup. Exclusion would only turn the proposed reform into a sham.

NJCC recognizes that A 1246, with the proposed amendment, would not meet all the problems now encountered in election campaigns. It should not be expected to solve all the abuses.

We commend the bill, with the modification, for speedy enactment.

Source Materials

1. Statement of Congressman Bill Frenzel (Minnesota) before Subcommittee of Elections, September 19, 1973.
2. Statements of Congressman John Anderson and Morris Udall in speeches December 10, 1973 and TV March 17th.
3. Wall Street Journal February 20, 1974.
4. Various editorials from Trenton Evening Times, Newark Star Ledger and New York Times.
5. Herbert E. Alexander, Director Citizen Research Foundation entitled "Watergate and Elected Powers".
6. David Broder, Washington Post Columnist.
7. A. James Reichley, "Financing -- but let's do it right" Fortune Magazine, December 1973.

TESTIMONY OF STATE TREASURER RICHARD C. LEONE  
BEFORE THE ASSEMBLY COMMITTEE ON CAMPAIGN FINANCING

FOR IMMEDIATE RELEASE

March 28, 1974

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE.

I'M DELIGHTED TO APPEAR HERE TODAY. I AM ANXIOUS -- BOTH AS A FORMER CAMPAIGN MANAGER AND AS A STATE OFFICIAL -- TO SPEAK ON BEHALF OF AN HISTORIC LEGISLATIVE PROPOSAL.

WE ARE ACCUSTOMED IN NEW JERSEY, WITH OUR UNENVIABLE RECORD OF OFFICIAL CORRUPTION, TO PLACING BLAME ON "THE SYSTEM" -- ON THE WAY LARGE CAMPAIGN CONTRIBUTORS INFLUENCE THE ATTITUDES AND DECISIONS OF STATE GOVERNMENT. WE HAVE AN OPPORTUNITY NOW, WITH THIS BILL, TO CHANGE THAT SYSTEM, TO MAKE OUR ELECTIONS TRUER TESTS OF POPULAR SUPPORT AND OUR GOVERNMENT A FINER INSTRUMENT FOR THE PUBLIC GOOD.

I WANT TO SPEAK FIRST AS THE FORMER CAMPAIGN MANAGER FOR GOVERNOR BYRNE, AS SOMEONE WHO HAS WORKED IN A NUMBER OF CAMPAIGNS BOTH HERE AND IN OTHER STATES, AND WHO HAS TAUGHT A COURSE IN CAMPAIGNS AND ELECTIONS AT THE GRADUATE SCHOOL LEVEL.

I HAVE COME TO BELIEVE VERY STRONGLY THAT OUR SYSTEM OF CAMPAIGN FUND RAISING HAS A PERNICIOUS EFFECT ON THE ELECTIVE PROCESS. FOR MOST STATEWIDE CANDIDATES, FUND

RAISING IS THE DOMINANT CAMPAIGN EXERCISE. IT CONSUMES MORE TIME, OFTEN AS MUCH AS 50 PERCENT, ENERGY AND ATTENTION THAN ANY OTHER FACET OF CAMPAIGNING. ALMOST OF NECESSITY, SOME CANDIDATES AND THEIR MANAGERS COME TO VIEW THE SOLICITATION OF FUNDS AS THE PREDOMINANT ACTIVITY OF A CAMPAIGN.

FUNDING CONCERNS PERVADE EVERY ASPECT OF A CAMPAIGN -- THE CANDIDATE'S SCHEDULE, HIS ADVERTISING AND POLITICAL TACTICS, THE TIMING AND EVEN THE SUBSTANCE OF HIS PUBLIC PRONOUNCEMENTS.

THIS IS, IN MY JUDGMENT, AN INTOLERABLE DISTORTION. A FREE ELECTION SHOULD INFORM BOTH THE VOTERS AND THE CANDIDATES, LEAVING THE WINNER WITH A TESTED SENSE OF HIS MANDATE AND THE BREADTH OF HIS SUPPORT.

THAT IS ONE PURPOSE OF THIS BILL -- TO REDUCE FOR STATEWIDE CANDIDATES THE DEMANDING AND OFTEN CORRUPTING BURDENS OF FUND RAISING, AND TO ENCOURAGE THEIR PARTICIPATION IN MORE ESSENTIAL CAMPAIGN TASKS.

THE CORRUPTING EFFECTS OF LARGE CAMPAIGN CONTRIBUTIONS ON GOVERNMENT PROCESSES ARE WELL DOCUMENTED. I WON'T DWELL ON THEM HERE. THE TEMPTATION TO FAVOR IMPORTANT CONTRIBUTORS WITH CONTRACT AWARDS OR OTHER SPECIAL TREATMENT IS GREAT. THAT TEMPTATION SHOULD BE REMOVED; AND WITH IT, ALL

SUSPICIONS THAT GOVERNMENT IS SERVING THE SPECIAL INTERESTS AT THE PUBLIC'S EXPENSE. THAT IS A GOAL WORTHY OF THIS LEGISLATURE AND DESERVING OF THE ADDED EXPENDITURE.

THE GOVERNOR HAS EMPHASIZED THAT THIS BILL IS ONLY A FIRST STEP. THIS ADMINISTRATION RECOGNIZES THE DESIRABILITY OF GOING BEYOND THE GENERAL ELECTION TO PRIMARY CAMPAIGN FINANCING AND TO EXPERIMENTS WITH LEGISLATIVE CAMPAIGNS.

BUT WE BELIEVE THAT IT IS CRUCIAL TO ESTABLISH A PRECEDENT NOW AND TO FULFILL GOVERNOR BYRNE'S AND HIS PARTY'S CAMPAIGN COMMITMENT. IN ADDITION, I WOULD ADD THAT THE VAST BULK OF SO-CALLED "SMART MONEY" ENTERS CAMPAIGNS AT THE GENERAL ELECTION STAGE. IN OUR OWN CAMPAIGN LAST YEAR, WE RAISED FIVE TIMES AS MUCH MONEY FOR THE GENERAL ELECTION AS WE DID IN THE PRIMARY. OBVIOUSLY, REDUCING THE NECESSITY FOR RAISING SUCH LARGE SUMS OF MONEY WOULD HAVE A SIGNIFICANT IMPACT IN POLITICS -- EVEN IF WE DID NOTHING ELSE.

I ALSO BELIEVE THAT THIS BILL WOULD BE IMPORTANT IF ONLY FOR THE EFFECT IT HAD ON THIS ADMINISTRATION FOR IT REPRESENTS A DECLARATION OF INDEPENDENCE FROM BIG POLITICAL MONEY -- A DECLARATION WE SHOULD MAKE RIGHT AT THE BEGINNING OF THIS NEW ADMINISTRATION.

WE CAN SEND A SIGNAL WITH THIS BILL THAT THE BYRNE ADMINISTRATION, IN ITS DEALINGS WITH PEOPLE, WILL NOT BE MOTIVATED

BY A CONCERN ABOUT FUTURE BIG CAMPAIGN CONTRIBUTIONS. I BELIEVE THAT THIS WOULD HAVE BEEN THE CASE EVEN WITHOUT THE PROPOSED BILL, BUT I ALSO BELIEVE THAT THIS LEGISLATION IS THE KIND OF HARD AND UNEQUIVICAL EVIDENCE THAT THE PEOPLE NEED IN THESE TROUBLED TIMES. I FURTHER BELIEVE THAT ANYONE WITH AN INTEREST IN GOOD GOVERNMENT SHOULD RECOGNIZE THE VALUE OF THIS LEGISLATION FOR THAT SPECIFIC PURPOSE.

I KNOW THAT GOVERNOR BYRNE AND HIS ADMINISTRATION WANT TO WORK WITH THE LEGISLATURE IN DEVELOPING OTHER ASPECTS OF PUBLIC FINANCING OF CAMPAIGNS.

SOME OF THE QUESTIONS AHEAD OF US ARE DIFFICULT ONES BUT I AM CONVINCED THAT WE SHALL RESOLVE THEM. I AM LIKEWISE CONVINCED THAT THE PROSPECTS FOR FUTURE REFORM WILL BE GREATLY REDUCED IF WE FAIL TO ACT NOW.

THIS BILL IS IMPORTANT AND, IN ITS OWN RIGHT, IT MERITS PROMPT AND POSITIVE ACTION IN THE LEGISLATURE.

NOW LET ME FOR A MOMENT PUT ON MY HAT AS STATE TREASURER. WE ARE COMMITTED TO A TIGHT BUDGET. I WOULD PREFER THAT WE NOT INCUR ADDITIONAL OBLIGATIONS, BUT I BELIEVE THIS BILL IS SO DESIRABLE, ITS OBJECTIVES SO IMPORTANT, THAT THE EXPENSE WILL BE MORE THAN JUSTIFIED.

THAT DOES NOT MEAN THAT WE SHOULD NOT LOOK FOR OTHER WAYS TO PAY FOR CAMPAIGNS.

THIS ADMINISTRATION ADVOCATED -- AN ADDITIONAL DISCRETIONARY FEDERAL INCOME TAX WRITE-OFF, TO BE RETURNED TO THE STATE ELECTION FUND. THIS WOULD COMPLEMENT THE EXISTING \$1 WRITE-OFF FOR NATIONAL ELECTIONS. SHOULD THAT STEP BE TAKEN, THE COST OF NEW JERSEY PUBLIC FINANCING WOULD BE REDUCED, PERHAPS ELIMINATED.

IN ADDITION, SHOULD NEW JERSEY ENACT A STATE INCOME TAX AT SOME TIME IN THE FUTURE, I WOULD HOPE THE LEGISLATURE WILL INCLUDE A STATE TAX WRITE-OFF, MODELED AFTER THE FEDERAL SYSTEM.

THANK YOU AGAIN FOR THE OPPORTUNITY TO BE HEARD.

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AUG 14 1985



