



ELEC-TRONIC

An Election law Enforcement Commission Newsletter

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"Furthering the Interest of an Informed Citizenry"

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Website:

www.elec.state.nj.us

Comments from the Chairman Ronald DeFilippis

New Jersey's campaign finance law requires that campaign treasurers are required to maintain accurate records of all financial transactions.

In part, the Commission's regulation reads:

All records required to be made pursuant to this subchapter shall be maintained for a period of not less than four years after the date of the election to which they are relevant, or a period of not less than four years after the transaction to which they relate occurred, whichever is longer.

To put it more simply, records must be kept for four years following the date of the election. However, if a transaction occurs after the election is over, then records must be kept for four years following the date of that last transaction.

The importance of maintaining thorough records cannot be overstated. During a campaign, charges and counter-charges are often traded back and forth by opponents.

By maintaining accurate and complete records those charges can easily be refuted. Records will aid the campaign to respond to allegations of Campaign Act violations, helping to avoid the imposition of penalties.

To this end, campaign treasurers are required to maintain a written record of all funds and contributions received by the committee.

Information that is required to be maintained includes the name and address of the contributor, the amount of the donation, the name of the account from which the check is drawn, and the date the contribution was received.

In addition, for individual contributors, a record of the occupation and name and mailing address of the employer is required to be kept.

Beyond keeping records of contributions, the treasurer is also required to retain expenditure information. The name and address of the recipient of the expenditure, the amount and date of the expenditure, and its purpose, represents the expenditure information to be retained.

Treasurers should maintain copies of invoices, bills, and all documentation related to expenditures.

Furthermore record keeping requirements also involve credit card transactions.

Whenever a campaign authorizes the purchase of goods or services by using a credit card, the following information is required to be kept:

1. The name and owner of the card;
2. The lending institution issuing the card;
3. The name and address of the vendor from whom the purchase was made;
4. The date of the purchase;
5. The purpose of the purchase; and,
6. The cost and description of the goods or services purchased.

Treasurers of campaign committees should consult the candidate committee manual, which is online at www.elec.state.nj.us, record keeping regulations at 19:25-7.1, attend a training seminar, or contact a compliance officer at 1-888-313-3532.

The Commission offers training seminars in Trenton, in the field, and online.

McCutcheon Ruling Touts Power of Disclosure

By Joe Donohue

While the April 2, 2014 U.S. Supreme Court ruling in *McCutcheon v. FEC* case drew fire from some groups because it ended federal aggregate contribution limits, the court majority continued to strongly promote disclosure as a way to curtail corruption in politics.

“...Disclosure of contributions minimizes the potential for abuse of the campaign finance system...Disclosure requirements burden speech but- unlike the aggregate limits- they do not impose a ceiling on speech.”

The judges said disclosure was less potent in the pre-Internet era when it mainly involved filing cabinets stuffed with paper campaign finance reports.

“With modern technology, disclosure now offers a particularly effective means of arming the voting public with information...Today, given the Internet, disclosure offers much more robust protections against corruption.”

“Because massive quantities of information can be accessed at the click of a mouse, disclosure is effective to a degree not possibly at the time *Buckley* (1976) or even *McConnell* (2003), was decided.”

Executive Director's Thoughts Jeff Brindle

IE spending: Filtering down to the local level with a BANG

Reprinted from PolitickerNJ.com.

First nationally, next in the states, and now municipal.

That's the trend. Outside group independent spending became noticeable during the Clinton administration, accelerated following McCain/Feingold, and climaxed after Citizens United.

During the 2012 presidential primary and general election cycle, independent spending by Super PACs and other outside groups reached a record \$1 billion.

In the 2013 statewide elections in New Jersey, independent spending surpassed anything imaginable just one year before. Independent groups spent over \$41 million attempting to influence the gubernatorial and legislative elections, as well as ballot questions.

Now, outside group spending is filtering down to the municipal level, not with a whimper but with a bang.

Primarily in the Newark mayoral election, but also to an extent in Trenton, independent groups are making their presence known.

In this tale of two cities, \$2.7 million dollars is estimated to have been spent by independent groups so far. The bulk of this spending has been in Newark, \$2.6 million, with approximately \$100,000 spent in Trenton.

These numbers, of course, do not take into account Trenton's runoff election which could increase the amount spent independently.

These numbers far outdistance that which was spent just last year in Jersey City's May election for mayor, when \$251,000 was spent by outside groups.

This represents a tenfold increase in just one year. So the trend experienced at the state level is now being duplicated at the local level.

So what's the problem? It's not that money is being spent to influence an election. It's not even that this money is being spent by groups and individuals participating independently in the election.

The problem is that these groups and individuals often operate anonymously, making them considerably less accountable than traditional political parties and candidates.

It's that the line between political parties, regulated by statute, and outside groups is being blurred, with outside groups even assuming many of the traditional roles performed by the parties.

Moreover, whereas it is more difficult for citizens to link these outside groups to particular candidates, it is infinitely easier for these groups, acting as surrogates for candidates, to undertake personal attacks whose credibility often comes into question.

Independent groups are not required to report their financial activity in New Jersey unless the group expressly supports or opposes a candidate.

"Expressly supports" means calling for citizens to "vote for" or "vote against" a named candidate. And even when the group expressly supports or opposes a candidate only the amount spent is required to be disclosed.

So much of independent spending is beyond disclosure because it's easy to design messaging that is clearly in support or opposition to a candidate despite the fact that the above magic phrases are not used.

In remarks made recently, Governor Christie supported greater transparency in the electoral process.

In the Senate, Bill Number 938 has been introduced by Senator James Beach. This bill would simplify the Pay-to-Play Law, require 48-hour real time reporting of contributions and expenditures of more than \$300, and importantly, require registration and disclosure by outside groups.

Groups spending independently cannot be limited in terms of the contributions made to them, nor can they be restricted in terms of how much they spend. But, under Citizens United, which came out strongly for disclosure, they can be made to provide information about their activities.

Passage of this bill would not only be in the best interest of a public that clamors for transparency, but certainly in the interest of the electoral process in New Jersey.

NOTABLE NEWS

Pennsylvania and New Jersey- A Tale of Two States

By Joe Donohue

For most of its watery border with New Jersey, Pennsylvania is only about a half-mile across the Delaware River.

But the two states couldn't be farther apart in how they regulate campaign money.

Candidates in last year's gubernatorial campaign in New Jersey were allowed to accept just \$3,800 from each contributor for both the primary and gubernatorial elections. In New Jersey, the most individuals, corporations, unions or PACs can give is \$37,000 to county parties.

By contrast, the 2014 gubernatorial election in Pennsylvania, where incumbent Republican Tom Corbett is seeking reelection, is one of 12 states not subject to contribution limits.

As a result, 54 individuals or groups already have contributed more than \$40,000 to Corbett and four Democrats who are among those vying for their party's nomination. Fourteen of those 54 have donated more than \$250,000.

All these contributions currently would be illegal in the Garden State.

The Republican Governor's Association has contributed \$1.8 million to Corbett. M. Thomas Grumbacher, chairman and former CEO of the Bon-Ton Stores, has given \$1 million to Democratic nominee Tom Wolf. Al Lord, former CEO of Sallie Mae, contributed \$500,000 to Democratic candidate and state Treasurer Rob McCord.

While those numbers are impressive, they pale by comparison to the largest contribution ever in Pennsylvania- \$5.4 million sent by three members of Susquehanna International Group to State Sen. Anthony Williams for his unsuccessful 2010 gubernatorial primary bid.

Table 1
Contrasts in Campaign Finance Activity-
Pennsylvania v. New Jersey

Campaign Finance Requirements/Trends	Pennsylvania	New Jersey
Contribution Limits	No	Yes
Public Financing for Governor's Race	No	Yes
Self-financing by Many Candidates	Yes	No
Major Independent Special Interest Spending	No	Yes

Even before New Jersey adopted contribution limits for state, local and county candidates in 1993, no political contributions in the Garden State ever matched this staggering level (excluding self-financed candidates).

The closest was \$331,753 contributed in 1977 by developer Peter Levine to the unsuccessful gubernatorial primary campaign of then-Representative Robert Roe. In 2014 dollars, it was valued at \$1.3 million. Atlantic City Attorney Patrick McGahn gave \$166,000, now worth \$431,514, to his brother Joseph McGahn's victorious 1981 campaign for state Senate. A Jersey City group called NJ 2000 gave \$125,000 to the New Jersey Democratic State Committee in 1989. It would be a \$190,559 check in 2014.

One reason Pennsylvania candidates may need larger checks from private contributors is because it has no public funding for its candidates. New Jersey created the nation's first gubernatorial public financing program in 1977. It has provided \$117 million to 69 candidates- an average of nearly \$1.7 million per candidate.

Last year, the two candidates- Republican Governor Chris Christie, who won reelection, and Democratic challenger Barbara Buono- received a combined \$11.8 million.

In exchange for public funds, gubernatorial candidates face both contribution and spending limits. Every four years, ELEC increases these limits to offset inflation. At the same time, it recommends inflation increases for contribution limits that apply to other candidates.

Governor Christie recently called for an end to all state contribution limits combined with quick disclosure of contributions.

Pennsylvania and New Jersey are different in other ways when it comes to campaign financing.

With no restrictions on what individuals and groups can give candidates, independent spending by special interest groups has been minimal in the Keystone State. It was big news in 2013 when a shadowy group called Pennsylvanians for Accountability spent \$250,000 on ads critical of the incumbent governor. Otherwise, there's little sign so far of other major action by so-called "outside" groups.

Contrast that with the record \$39 million spent independently by special interests on the 2013 gubernatorial and legislative elections in New Jersey.

Funds that might have been spent independently in New Jersey now go directly to candidates in Pennsylvania. For instance, the Republican Governor's Association independently spent \$1.725 million on Christie's behalf last year. Corbett has received about \$1.8 million directly from the RGA during the past year.

Emily's List has given Democratic Rep. Allyson Schwartz about \$485,000 in Pennsylvania, which couldn't happen in New Jersey. Unions, which spent heavily- and independently- on Democrats in New Jersey last year are handing big checks to candidates in the neighboring state. For instance, International Brotherhood of Electrical Workers Local 98 has donated \$200,000 to Schwartz. The Pennsylvania State Corrections Officers Association PAC has contributed \$250,000 to McCord.

Perhaps also because of the lack of public funding, Pennsylvania gubernatorial candidates seem more inclined to dip into their personal wallets or purses for campaign funds.

Already four candidates have contributed nearly \$13 million to their 2014 gubernatorial campaigns.

Table 2
Amount of Personal Funds
Contributed to Campaign So Far

Candidate	Amount
Wolf, Tom	\$ 9,901,192
McCord, Robert	\$ 1,700,000
Hanger, John	\$ 750,000
McGinty, Katie	\$ 535,000
Total	\$ 12,886,192

While New Jersey has had some recent candidates who did major self-financing, notably former Gov. Jon Corzine and Doug Forrester, there was only one other candidate since the public financing program began in 1977 who bankrolled most of his campaign- Joseph "Bo" Sullivan in 1981.

TRAINING SEMINARS

The seminars listed below will be held at the Offices of the Commission, located at 28 West State St., Trenton, NJ. Please visit ELEC's website at <http://www.elec.state.nj.us> for more information on training seminar registration.

TREASURER TRAINING FOR CANDIDATES AND JOINT CANDIDATES COMMITTEES	
September 11, 2014	10:00 a.m.
September 30, 2014	10:00 a.m.
TREASURER TRAINING FOR POLITICAL PARTY COMMITTEES AND PACS	
June 26, 2014	10:00 a.m.
September 23, 2014	10:00 a.m.
December 10, 2014	10:00 a.m.
R-1 ELECTRONIC FILING SOFTWARE (REFS) TRAINING	
July 23, 2014	10:00 a.m.
September 9, 2014	10:00 a.m.
October 1, 2014	10:00 a.m.

LOBBYING REPORTING DATES

	INCLUSION DATES	ELEC DUE DATE
Lobbying Quarterly Filing		
2 nd Quarter	4/1/14 – 6/30/14	7/10/14
3 rd Quarter	7/1/14 – 9/30/14	10/10/14
4 th Quarter	10/1/14 – 12/31/14	1/12/15

REPORTING DATES

	INCLUSION DATES	REPORT DUE DATES
Fire Commissioner - 2/15/2014		
29-day pre-election	Inception of campaign* - 1/14/14	1/17/2014
11-day pre-election	1/15/14 - 2/1/14	2/4/2014
20-day post-election	2/2/14 - 3/4/14	3/7/2014
48 Hour Notice Reports Start on 2/2/2014 through 2/15/2014		
School Board Election - 4/23/2014		
29-day pre-election	Inception of campaign* - 3/22/14	3/25/2014
11-day pre-election	3/23/14 - 4/9/14	4/14/2014
20-day post-election	4/10/14 - 5/10/14	5/13/2014
48 Hour Notice Reports Start on 4/10/2014 through 4/23/2014		
May Municipal Election - 5/13/2014		
29-day pre-election	Inception of campaign* - 4/11/14	4/14/2014
11-day pre-election	4/12/14 - 4/29/14	5/2/2014
**20-day post-election	4/30/14 - 5/30/14	6/2/2014
48 Hour Notice Reports Start on 4/30/2014 through 5/13/2014		
Runoff Election (June)** - 6/10/2014		
29-day pre-election	No Report Required for this Period	
11-day pre-election	4/30/14 - 5/27/14	5/30/2014
20-day post-election	5/28/14-6/27/14	6/30/2014
48 Hour Notice Reports Start on 5/28/14 through 6/10/14		
Primary Election - 6/3/2014		
29-day pre-election	Inception of campaign* - 5/2/14	5/5/2014
11-day pre-election	5/3/14 - 5/20/14	5/23/2014
20-day post-election	5/21/14 - 6/20/14	6/23/2014
48 Hour Notice Reports Start on 5/21/14 through 6/3/14		
90 Day Start Date: 3/5/14		
General Election - 11/4/2014		
29-day pre-election	6/21/14 - 10/3/14	10/6/2014
11-day pre-election	10/4/14 - 10/21/14	10/24/2014
20-day post-election	10/22/14 - 11/21/14	11/24/2014
48 Hour Notice Reports Start on 10/22/14 through 11/4/14		
Runoff Election** - 12/2/2014		
29-day pre-election	No Report Required for this Period	
11-day pre-election	10/22/14 - 11/18/14	11/21/2014
20-day post-election	11/19/14 - 12/19/14	12/22/2014
48 Hour Notice Reports Start on 11/19/14 through 12/2/14		
PACs, PCFRs & Campaign Quarterly Filers		
1st Quarter	1/1/14 - 3/31/14	4/15/2014
2nd Quarter***	4/1/14 - 6/30/14	7/15/2014
3rd Quarter	7/1/14 - 9/30/14	10/15/2014
4th Quarter	10/1/14 - 12/31/14	1/15/2015

* Inception Date of Campaign (first time filers) or from January 1, 2014 (Quarterly filers).

** A candidate committee or joint candidates committee that is filing in a 2014 Runoff election is not required to file a 20-day post-election report for the corresponding prior election (May Municipal or General).

*** A second quarter report is needed by Independent General Election candidates if they started their campaign before May 6, 2014.