

## ISSUE: CAMPAIGN FINANCE REFORM

CHANGE THE WAY ELECTORAL CAMPAIGNS ARE FUNDED

### THE PROBLEM

New York State's disgraceful system has long been criticized by independent researchers and the public at large. Indefensibly high contribution "limits," coupled with disgracefully inadequate disclosure requirements and nonexistent enforcement, create a system that cries out for change, starting with the need for establishing a voluntary system of public financing.

The most urgent problems are:

#### **ACTION:**

1. Lawmakers must pass comprehensive campaign finance reforms that improve the current law.
2. Lawmakers must pass a system of voluntary public financing for political campaigns.

1. **Soft money.** Unlike federal law, New York State law allows donations of an unlimited amount to "housekeeping" accounts.
2. **Sky-high campaign contribution limits.** Individuals are allowed to contribute \$94,200 annually to political parties; \$37,800 to statewide candidates for a general election (plus \$18,100 for a primary); \$9,500 to state senate candidates for a general election (plus \$6,000 for a primary); and \$3,800 to assembly candidates for a general election (plus \$3,800 for a primary). Candidates for President of the United States of America can only receive contributions of \$2,300 (and an additional \$2,300 for the primary). And numerous loopholes in New York's law allow corporations and other entities to exceed even the high current limits.
3. **Transfers from one political committee to another.** On top of the sky-high contribution "limits," political parties are able to undermine existing contribution limits by transferring donations of unlimited size from their accounts to the candidates of their choice.
4. **Campaign fundraising during the legislative session.** Unlike 28 other states, New York imposes no additional restrictions on campaign fundraising during the legislative session, nor does it impose any unique limitations on lobbyists' involvement in campaign activities.
5. **Limited disclosure and reporting.** Unlike federal law, New York State law does not require contributors to disclose the names of their employers or even the names of those who actually delivered the contributions (a.k.a. "bundlers"). And since the first campaign filing for the year is not due until July 15<sup>th</sup>, there is no reporting of campaign contributions made during the legislative session.
6. **Poor enforcement.** New York State's Board of Elections is under-funded and limited by law in its ability to punish election law violators.
7. **Personal use of campaign contributions.** New York's vague prohibition on the use of campaign funds for personal expenditures has resulted in the use of such funds for things like junkets, country club memberships, flowers, and leased cars not related to campaign activities. The law must be tightened to clearly prohibit such uses.

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- 8. Heavy reliance on special interests for elections funds and the difficulty of raising money as a challenger.** New York's combination of huge contribution limits and the commonplace practice of incumbents holding fundraisers near the Capitol during session promote a heavy reliance on those with the financial resources to fund elections – typically special interests with business before government.

## RECOMMENDATION

**Enact comprehensive campaign finance reform, starting with a voluntary system of public financing.** The Legislature and Governor should overhaul New York's existing campaign finance law to address all of the problems listed above. Sky-high contribution limits need to be lowered dramatically, disclosure needs to be improved, and a voluntary system of public financing should be created. Public financing is the best way to achieve many desired goals of campaign finance law—reducing corruption, encouraging greater voter and candidate participation, and increasing the time candidates can spend interacting with voters and fulfilling official responsibilities.

In his State of the State Address on January 3, 2007 Governor Spitzer argued: “full public financing must be the ultimate goal of our reform effort.” Full public financing refers to systems like those being used successfully in Maine and Arizona, and recently passed in Connecticut. These systems have resulted in the election of candidates who are financed entirely by the public, without any special interest money or large contributions. The Assembly has repeatedly passed legislation that would create a voluntary system of partial public financing modeled after the New York City system. The Speaker's bill needs significant improvements and lacks a Senate sponsor. The Senate has failed to take any action to enact or even introduce legislation to improve campaign finance in New York.

Now that both the new Governor and the State Assembly have shown a strong interest in overhauling the current campaign finance system, as well as creating a system of public financing for elections, we urge them to propose a campaign finance package that includes these major reforms. We strongly urge the State Senate to show leadership by introducing and passing the same far-reaching reforms.