

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[Third Reprint]

## SENATE, No. 1500

with committee amendments

# STATE OF NEW JERSEY

DATED: MARCH 18, 2019

The Assembly Appropriations Committee reports favorably and with committee amendments Senate Bill No. 1500 (3R).

As amended, this bill revises “The New Jersey Campaign Contributions and Expenditures Reporting Act” to institute new reporting requirements on certain organizations.

The bill, as amended, requires disclosure by any “independent expenditure committee,” defined as any person organized under section 527 or paragraphs (4) or (6) of subsection (c) of section 501 of the federal Internal Revenue Code that engages in influencing or attempting to influence the outcome of any election or the nomination, election, or defeat of any person to any State or local elective public office or the passage or defeat of any public question, legislation, or regulation, or in providing political information on any candidate or public question, legislation, or regulation, and raises or expends \$3,000 or more for any such purpose. The bill requires these committees to report contributions in excess of \$10,000 and expenditures in excess of \$3,000 to the Election Law Enforcement Commission (ELEC), and prohibits a candidate or holder of public office from establishing, authorizing the establishment of, maintaining, or participating directly or indirectly, in the management or control of any independent expenditure committee. Under R.S.1:1-2, the term “person” includes corporations, companies, associations, societies, firms, partnerships and joint stock companies as well as individuals.

The bill defines “electioneering communication” as any communication made from January 1 of an election year and the date of the election and refers to: 1) a clearly identified candidate for office and promotes or supports a candidate for that office or opposes a candidate for that office, regardless of whether the communication expressly advocates a vote for or against a candidate; or 2) a public question, and promotes or supports the passage or defeat of that question, regardless of whether the communication expressly advocates a vote for or against the passage of the question. The term includes communications published in any newspaper or periodical; or broadcast on radio, television, the Internet or digital media, or any

public address system; placed on any billboard, outdoor facility, button, motor vehicle, window display, poster, card, pamphlet, leaflet, flyer, or other circular; or contained in any direct mailing, robotic phone calls, or mass e-mails.

The bill defines “independent expenditure” as an expenditure by a person expressly advocating, or the functional equivalent thereof, the election or defeat of: 1) a clearly identified candidate that is not made in concert or cooperation with or at the request or suggestion of the candidate, the candidate’s committee, a political party committee, or an agent thereof; or 2) a public question, legislation, or regulation, that is not made in concert or cooperation with or at the request or suggestion of the sponsors, organizers, or committee supporting or opposing the question, legislation, or regulation, a political party, or agents thereof. The “functional equivalent” of expressly advocating means specific advocacy that can be interpreted by a reasonable person as advocating the election or defeat of a candidate, or the passage or defeat of a public question, legislation, or regulation, taking into account whether the communication involved mentions a candidate, a political party, or a challenger to a candidate, or takes a position on a candidate’s character, qualifications, or fitness for office, or that can be interpreted by a reasonable person as taking a position on the merits of a public question, legislation, or regulation, or taking a position in favor or against the passage or defeat of the public question, legislation, or regulation.

The bill codifies the criteria used by ELEC to determine when coordination with a candidate or political party has occurred, and allows ELEC to issue additional criteria by regulation. Under the bill, foreign entities would be prohibited from registering as independent expenditure committees for the purpose of making independent expenditures in any State or local election. The bill explicitly includes Internet and digital advertisement in the definitions of “political information,” “electioneering communication,” and “communication.” It further requires persons who accept compensation from any committee, group, or individual for the placement of communication to be disseminated to the electorate to require such committee, group, or individual to file a copy of their statement of registration they filed with ELEC.

Under the bill, independent expenditure committees would file quarterly reports of contributions received in excess of \$10,000 and expenditures made in excess of \$3,000. The bill requires independent expenditure committees to also report within 48 hours any contribution received or expenditure made in excess of \$500 and \$800, respectively, when such is received or made after the final day of a quarterly reporting period and on or before an election which occurs after that final day but before the final day of the next reporting period.

The provisions of the bill are severable. The bill would take effect on the first date, following enactment, that occurs after July 16, 2019

by which a quarterly report would be required to be filed pursuant to N.J.S.A.19:44A-8(d)(1). The bill specifies that the first of those reports will not be required to be filed until the next quarterly report filing deadline as specified in that paragraph and specifies that the report need only include those reportable items which occur after the effective date of the bill.

#### COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) eliminate, thereby leaving those amounts unchanged from current law, the increase in the amount of money that may be contributed:

- by individuals, corporations, unions, candidate committees, political committees, and continuing political committees to candidate committees;
- by the national committee of a political party to the State committee of a political party;
- by an individual, a corporation, union, political committee, continuing political committee, candidate committee or joint candidates committee or any other group to the State committee, a county committee of a political party, or a municipal committee of a political party;
- by one political committee or continuing political committee to another political committee or continuing political committee; and
- to a political committee;

(2) remove the phrase “a group of two or more persons, or an organization” from the definition of “independent expenditure committee”;

(3) include 501(c)(6) organizations within the purview of the bill; and

(4) provide that the bill would take effect on the first date, following enactment, that occurs after July 16, 2019 by which a quarterly report would be required to be filed pursuant to N.J.S.A.19:44A-8(d)(1). The bill specifies that the first of those reports will not be required to be filed until the next quarterly report filing deadline as specified in that paragraph and specifies that the report need include only those reportable items which occur after the effective date of the bill.

#### FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.