

SENATE, No. 305

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Senator INVERSO

1 AN ACT requiring disclosure to the Election Law Enforcement
2 Commission of the receipt and disbursement of funds in connection
3 with certain fund-raising functions and establishing the permissible
4 uses of those funds, and supplementing "The New Jersey Campaign
5 Contributions and Expenditures Reporting Act," P.L.1973, c.83
6 (C.19:44A-1 et seq.).

7

8 **BE IT ENACTED** *by the Senate and General Assembly of the State*
9 *of New Jersey:*

10

11 1. a. (1) Whenever any person or any group of two or more
12 persons, other than a candidate committee, joint candidates committee,
13 political committee, continuing political committee, political party
14 committee, or legislative leadership committee, sponsors a testimonial,
15 celebratory, commemorative or other such function, including but not
16 limited to a cocktail party, breakfast, luncheon, dinner, dance, picnic,
17 reception, entertainment or similar affair, in honor, or under the
18 leadership, at the direction or suggestion, or otherwise involving the
19 substantial participation, of any person holding an office which is filled
20 by an election to which the provisions of P.L.1973, c.83 (C.19:44A-1
21 et seq.) apply, or the spouse, natural or adopted child, parent, or
22 sibling of such an officeholder, or under circumstances reasonably
23 indicative to the ordinary attendee at the function that the sponsor
24 thereof is acting under such leadership, at such direction or
25 suggestion, or with such participation, and the sponsor of the function
26 or the agent of that sponsor solicits any person attending the function
27 for payment or a pledge to pay, whether as a donation, contribution,
28 subscription or otherwise, of money or other thing of value in amounts
29 which in the aggregate may be expected to exceed the cost of holding
30 the function, that sponsoring person or group shall appoint a treasurer
31 for the function, who shall be responsible for receiving those
32 payments, and shall designate a bank authorized by law to transact
33 business in this State as the depository into which all payments of
34 money that are made in connection with the holding of the function
35 shall be deposited. The sponsor shall duly certify that appointment

1 and designation in writing to the Election Law Enforcement
2 Commission, on such form as the commission shall prescribe, not later
3 than (a) the day on which the first such payment or pledge of payment
4 is received or any expenditure in connection with the function is made
5 or liability therefor incurred, or (b) the 20th day preceding the date on
6 which the function is to be held, whichever is earlier.

7 (2) The sponsor shall, not later than the third day after the last day
8 for filing the certification of the appointment of a treasurer and the
9 designation of a depository or, if later, the third day following receipt
10 of donations, contributions, subscriptions, or other payments or
11 pledges of payment in connection with the holding of the event of
12 amounts which, together with all such donations, contributions,
13 subscriptions, payments and pledges previously received, exceed in the
14 aggregate the amount which, if raised or expended by two or more
15 persons or an association organized to aid or promote the nomination,
16 election or defeat of a candidate for public office in any election,
17 would qualify those persons or that association as a "political
18 committee" under subsection i. of section 3 of P.L.1973, c.83
19 (C.19:44A-3), file with the commission a statement of registration
20 which shall include (a) the name of the sponsor or, in the case of a
21 sponsor consisting of a group of two or more persons which has no
22 independent or continuing legal existence, the names of those persons,
23 and (b) the mailing address or addresses of the sponsor or those
24 persons, as the case may be.

25 b. The treasurer for such a function shall make a written record of
26 all funds or pledges of payment which the treasurer receives from any
27 donor, contributor, subscriber or other person in connection with the
28 function, including in that record the name and mailing address of the
29 person, the amount and date of the donation, contribution,
30 subscription or other payment or pledge thereof, and where the person
31 is an individual, the occupation of the individual and the name and
32 mailing address of the individual's employer. The treasurer shall retain
33 that record for a period of not less than two years following the date
34 on which the function is held. All funds so received shall be deposited
35 by the treasurer for the function in the depository designated for that
36 purpose as prescribed in subsection a. of this section no later than the
37 10th day after the receipt of those funds.

38 c. The treasurer for any function, the sponsor of which is required
39 to file a statement of registration under the provisions of paragraph (2)
40 of subsection a. of this section, shall file with the commission a
41 cumulative report, upon a form prescribed by the commission, of all
42 funds or other things of value received by the treasurer and all
43 expenditures made, incurred or authorized by the treasurer or by the
44 sponsor of the function, in connection with the holding of the function,
45 during the period ending 48 hours preceding the date of the report and
46 beginning on the date on which the first of those funds or other things

1 of value were received or the first of those expenditures were made,
2 whichever occurred first.

3 The cumulative report shall, except as hereinafter provided, contain
4 the name and mailing address of each person or group from whom
5 moneys, loans, paid personal services or other things of value, or the
6 pledge thereof, have been received since 48 hours preceding the date
7 on which the previous such report was made and the amount of each
8 such donation, contribution, subscription or other payment or pledge
9 of payment by each such person or group, and where an individual has
10 made such a payment or pledge, the report shall indicate the
11 occupation of the individual and the name and mailing address of the
12 individual's employer. In the case of any loan reported pursuant to the
13 provisions of this subsection, the report shall indicate the name and
14 mailing address of each person who has cosigned such loan since 48
15 hours preceding the date on which the previous such report was made,
16 and if an individual has cosigned such loans, the report shall indicate
17 the occupation of the individual and the name and mailing address of
18 the individual's employer. The report shall also contain the name and
19 address of each person, firm or organization to whom expenditures or
20 other disbursements have been paid since 48 hours preceding the date
21 on which the previous such report was made and the amount and
22 purpose of each such expenditure or other disbursement, including in
23 the identification of that purpose a full description of any goods,
24 services or other thing of value which shall have been received by the
25 treasurer or any other person in consideration or exchange for that
26 expenditure or disbursement.

27 The treasurer shall file the first cumulative report with the
28 commission not later than the 10th day following the date on which the
29 function is held and the second cumulative report on the January 15,
30 April 15, July 15, or October 15 occurring at least 30 days after that
31 10th day. Thereafter, the treasurer shall file quarterly reports on each
32 January 15, April 15, July 15, and October 15 following the date on
33 which the second cumulative report is due. Concurrent with the filing
34 of any cumulative report, the treasurer may certify to the commission
35 that the fund established by the sponsor of the function in connection
36 with the holding of the function, having been instituted for the purpose
37 of underwriting the function, has wound up its business and been
38 dissolved, and said certification shall be accompanied by a final
39 accounting of any fund relating to that function including the final
40 disposition of any balance in that fund at the time of dissolution. Until
41 the certification has been filed, the treasurer shall continue to file the
42 quarterly reports as provided under this subsection.

43 The treasurer shall certify to the correctness of each cumulative
44 report required to be filed under this subsection.

45 In any report filed pursuant to the provisions of this subsection, the
46 treasurer reporting may exclude from the report the name of and other

1 information relating to any contributor, donor, subscriber, or other
2 person whose contributions, donations, subscriptions, or other
3 payments or pledges of payment in connection with the function did
4 not exceed in the aggregate the amount of contributions by a single
5 contributor to a testimonial affair which may be omitted from the
6 accounting relative to that affair required to be filed under subsection
7 h. of section 16 of P.L.1973, c.83 (C.19:44A-16).

8 The Election Law Enforcement Commission shall promulgate
9 regulations providing for the implementation of reporting requirements
10 applicable to the disclosure hereunder of funds received in connection
11 with the holding of a function and expended or otherwise disbursed
12 from the proceeds thereof, and also for the termination of those
13 reporting requirements. The requirements to file reports after the first
14 report may be waived by the commission, notwithstanding that the
15 certification has not been filed, if the commission determines under any
16 regulations so promulgated that the outstanding obligations of the
17 sponsor of the function do not exceed 10% of the expenditures made
18 with respect to the function or \$1,000, whichever is less, or are likely
19 to be discharged or forgiven.

20 d. All amounts received by a sponsor of a function subject to the
21 provisions of this section shall be used only for the purposes of (1)
22 paying the necessary and proper costs of holding the function, or (2)
23 making contributions to any charitable organization described in
24 section 170(c) of the Internal Revenue Code of 1954 or any nonprofit
25 organization which is exempt from taxation under section 501(c) of
26 the Internal Revenue Code of 1954, except that an officeholder, or the
27 spouse, natural or adopted child, parent, or sibling of an officeholder,
28 in whose honor such a function is held may receive from the proceeds
29 of the function a token gift which shall not be in the form of cash and
30 the purchase price of which shall not exceed \$250.

31 e. This section shall not apply to any charitable organization
32 exempt from taxation under section 501(c) of the federal Internal
33 Revenue Code of 1954 (42 U.S.C.A. §501(c)) which sponsors a
34 function, all of the net proceeds of which are actually received by the
35 organization for its exclusive use.

36
37 2. This act shall take effect immediately.
38
39

40 STATEMENT

41
42 This bill supplements "The New Jersey Campaign Contributions and
43 Expenditures Reporting Act" to require the disclosure of financial
44 information concerning certain fundraising functions held in honor or
45 with the substantial participation of any person, or the near relative of
46 a person, who holds a public office filled by an election to which the

1 Reporting Act is applicable. Events sponsored by campaign, political
2 party, or political action committees are exempt from the provisions
3 of the legislation, as all fundraising activity by those entities is already
4 subject to disclosure and other requirements under existing provisions
5 of the Reporting Act.

6 Under the bill, whenever such a function is to be held, the sponsor
7 of the function is to name a treasurer for the function, who would be
8 responsible for receiving payment for the purchase of tickets to the
9 function and for depositing all such payments into an account at a bank
10 designated by the sponsor. The sponsor is to certify the appointment
11 of the treasurer and designation of the bank depository to the Election
12 Law Enforcement Commission.

13 In addition, whenever the total amount received in connection with
14 the function exceeds the threshold amount which qualifies a
15 fundraising group as a "political committee" under the Reporting Act,
16 the treasurer of the function must submit to the Election Law
17 Enforcement Commission cumulative financial disclosure reports
18 similar to those required of such committees. These reports are to
19 disclose all funds received by the treasurer in connection with the
20 holding of the function and all expenditures or other disbursements of
21 those funds. The report is to contain the name and mailing address of
22 each purchaser of tickets to the fundraising event and the amount paid;
23 if the purchaser is an individual, the report is to indicate the
24 occupation of the individual and the name and mailing address of the
25 individual's employer. The report would also contain the name and
26 address of each person, firm or organization to whom expenditures or
27 other disbursements have been paid and the amount and purpose of
28 each such expenditure or disbursement, including a full description of
29 any goods or services received by the treasurer or any other person in
30 consideration or exchange for that expenditure or disbursement. The
31 bill allows the treasurer to omit from the financial disclosure report
32 contributions from a single contributor which do not exceed in the
33 aggregate the amount of contributions from a single source which may
34 be omitted from the accounting presently required of sponsors of
35 "testimonial affairs" under N.J.S.A.19:44A-16.

36 The bill would limit the permissible uses of the proceeds of a
37 fundraising function to which the legislation is applicable to (1)
38 payment of the necessary and proper costs of holding the function, and
39 (2) contributions to charitable organizations and certain nonprofit
40 corporations. It would, however, allow an elected official, or close
41 relative of such an official, who is an honoree at the function to
42 receive a token gift, but the gift could not be in cash and the purchase
43 price of the gift could not exceed \$250.

1

2

3 Requires disclosure to ELEC of receipts and disbursements by sponsor
4 of nonpolitical fund-raising event honoring or otherwise substantially
5 involving holder of any of certain elective public offices; limits uses of
6 proceeds from such event.