

LEGISLATIVE FISCAL ESTIMATE TO
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 2020
STATE OF NEW JERSEY

DATED: SEPTEMBER 16, 1997

Senate Committee Substitute for Senate Bill No. 2020 of 1997 changes how campaign finance laws are enforced, reduces contributions to legislative leadership committees and provides the public with greater access to campaign finance reports filed by candidates and committees with the Election Law Enforcement Commission (ELEC).

The substitute doubles all current civil fines provided for in "The New Jersey Campaign Contributions and Expenditures Reporting Act," the gubernatorial public financing statutes, the gubernatorial and legislative candidate financial disclosure statutes and the "Legislative Activities Disclosure Act of 1971." At the same time, it establishes the amount of an illegal campaign contribution as the minimum amount of a penalty for any person who willfully and intentionally makes or accepts any such contribution in violation of current law. The substitute also reduces, from \$25,000 per year to \$10,000 per year, the amount of money and other thing of value that may be contributed to a legislative leadership committee by an individual, corporation, labor organization, candidate or committee.

In addition, the substitute undertakes certain expenditures of State funds. It provides an immediate appropriation of \$1.4 million to ELEC, with \$800,000 of that amount to enable the commission to purchase or otherwise acquire such computer technology and to hire such additional staff as it may deem necessary to enable the commission to provide the public with timely access by electronic means to the campaign finance reports that it receives from candidates and committees; and \$600,000 of that amount to help fund its enforcement responsibilities. Beginning with the fiscal year beginning next after the enactment of the bill, it provides that there shall be appropriated annually to ELEC as part of its operational budget, a sum equal to not less than \$100,000 to provide the public with timely access by electronic means to the campaign finance reports that it receives from candidates and committees, or such moneys as the commission deems necessary for it to maintain the level of computerization required for that purpose; and at the same time there shall be appropriated annually to ELEC as part of its operational budget, a sum equal to not less than \$600,000 to help fund its enforcement responsibilities.

During each year in which there is an election for the office of

Governor or member of the Legislature, the Attorney General shall provide ELEC with such assistance and resources as the commission shall deem necessary to enforce the requirements and prohibitions provided for in "The New Jersey Campaign Contributions and Expenditures Reporting Act," the gubernatorial public financing statutes, the gubernatorial and legislative candidate financial disclosure statutes and the "Legislative Activities Disclosure Act of 1971."

Finally, the substitute requires ELEC: (1) beginning with the general election to be held in November 1998, to provide computer software to all candidates for public office that enables a candidate to file all required reports with the commission by electronic means; (2) to require that candidates for public office in the general election to be held in November 1998, other than candidates for public office in a municipality, and thereafter candidates for nomination and election for the office of Governor, member of the Legislature and county office, shall file all required reports with the commission by electronic means; and (3) prior to the general election to be held in November 1998, to undertake a study and make recommendations regarding the feasibility of requiring political committees, continuing political committees, political party committees and legislative leadership committees to file all required reports with the commission by electronic means.

The Office of Legislative Services (OLS) estimates that this legislation could impact State revenues in several ways. First, it contains an immediate appropriation of \$1.4 million from the General Fund to the commission. \$800,000 of that amount is to acquire the computer technology and hire the staff necessary to give the public timely access to campaign finance reports by electronic means; and \$600,000 is to help fund the commission's enforcement responsibilities. Secondly, the bill provides for an annual appropriation of at least \$700,000, \$100,000 of which is to be used to maintain the level of computerization necessary to provide the public with timely access to campaign finance reports and \$600,000 of which is to be used to help fund the commission's enforcement of campaign finance laws. Third, since the legislation doubles all current fines for violations of campaign finance laws and financial disclosure and lobbying disclosure statutes while also increasing the amount of penalties for making or accepting an illegal campaign contribution, it is possible that the amount of revenue for the State generated by the commission will increase significantly. During the last several years, the commission has collected between \$35,000 and \$40,000 in fines (although in FY1996 it did collect a single fine of \$44,000, to bring the total for the year to \$80,000). If this amount alone doubles due to the doubling of the fines, the State should increase revenues to between \$70,000 and

\$80,000 per year.

The OLS notes that ELEC has already begun funding several of the computer-related provisions of this bill. In its 1996 *Annual Report*, the commission stated that it has obligated \$155,000 from its current budget for the implementation of an electronic filing program for use by gubernatorial candidates in the 1997 general election. The program is being designed jointly by a private vendor and the Office of Telecommunications and Information Systems (OTIS). Once the basic design of such a program is established, tested and functional, it can be modified to handle the electronic filing of reports by legislative and other candidates for public office and by candidate, political and other types of committees. It is likely that the cost of such modifications will be less than the cost of the original program, perhaps closer to \$100,000. Other costs associated with such a modification would include testing the program, reproduction and distribution of it well as training campaign personal on its use. If the necessary carry-over language is included in subsequent appropriations acts, it is possible that the \$800,000 appropriation provided in the legislation could fund the additional technology and personnel needed to give the public timely access to all types of campaign finance reports required to be filed electronically within the next few years. Then the annual appropriation of \$100,000 provided by the legislation would, presumably, fund the cost of maintaining the system.

It should be noted that although the legislation provides at least \$700,000 annually to ELEC to maintain public access to campaign-related information and for enforcement, putting such figures in statute is not a guarantee that such moneys will be allocated for this purpose or even if they are, that the amount will be sufficient to execute the provisions of the legislation. Since the appropriation of such money is not Constitutionally-mandated, neither the Governor in a proposed budget, nor the Legislature, is obligated to provide the full \$700,000 or any amount at all to the commission in subsequent annual appropriations acts. Moreover, even if that amount of money is provided annually, it may prove inadequate after just a few years. It is possible that the increasing cost of both technology and personnel over time and the effects of inflation will erode ELEC's ability to carry out the mandates in the bill unless more than \$700,000 is appropriated annually for that purpose.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.