

New Jersey Citizens' Clean Elections Commission

Final Report

Submitted to the
Legislature of the State of New Jersey



Bill Schluter, Chairman
May 8, 2006

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STEVEN LENOX
Vice Chairman

Senate

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May 8, 2006

Honorable Richard J. Codey,
President of the Senate

Honorable Joseph J. Roberts, Jr.
Speaker of the General Assembly

Members of the New Jersey Legislature

Ladies and Gentlemen:

I am pleased to transmit with this letter the final report of the New Jersey Citizens' Clean Elections Commission, as required by P.L.2004, c.121. Since the release of its preliminary report in February, the commission has held six meetings to craft its recommendations for the 2007 Fair and Clean Elections Pilot Project. The first of these meetings, held on February 28, was to receive testimony from the public that the commission used in developing its recommendations. The subsequent meetings were for commissioners to discuss and finalize the recommendations and legislation that comprise this report.

The report is the product of diligent work on the part of the commissioners. There were many difficult issues that were resolved only after much consideration and deliberation. The assistance and expertise that was provided to the commission by the Election Law Enforcement Commission (ELEC), especially Dr. Frederick M. Herrmann, Executive Director, Ms. Nedda G. Massar, Esq., Legal Director, and Ms. Amy F. Davis, Esq., Director of Special Programs, was instrumental in the commission's work.

The work of the commission was supported by the staff of the Office of Legislative Services. Commission Secretary Frank Parisi and Assistant Secretary Gina

Winters did an excellent job of assisting the commission and helping to prepare this report.

The commission members join together in strongly supporting the recommendations presented in this report for the 2007 Fair and Clean Elections Pilot Project. We hope the recommendations prove valuable to the Legislature as it moves forward in establishing public financing for legislative campaigns for the next election cycle and beyond.

Sincerely,

Bill Schluter
Chairman

Members of the
New Jersey Citizens' Clean Elections Commission

Honorable Bill Schluter, Chairman

Mr. Steven Lenox, Vice Chairman

Senator Anthony Bucco

Senator Nicholas P. Scutari (resigned, November 2005)

Assemblyman Bill Baroni

Assemblywoman Linda R. Greenstein

Mr. Victor DeLuca

Honorable Carol Murphy

Mr. Curtis Tao

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Executive Summary:

The following are the key recommendations of the New Jersey Citizens' Clean Elections Commission:

- 1) The commission recommends the continuation of the Fair and Clean Elections Pilot Project in 2007.
- 2) The 2007 pilot project will be expanded to include six districts, including the two districts that participated in the 2005 pilot project. The districts will be distributed geographically throughout the State, with two in North Jersey, two in Central Jersey, and two in South Jersey.
- 3) Districts will be selected by the State party chairs from a set of competitive and moderately competitive districts.
- 4) Assembly candidates from the same political party can choose to run independently or as a "team" of clean candidates. Senate candidates will run independently from Assembly candidates.
- 5) The time permitted to collect the number of contributions required to become clean elections candidates (known as the qualifying period) will begin on January 1, 2007. The deadline for collecting qualifying contributions to become a clean elections candidate for the primary election will be 27 days before the primary election, which is May 10, 2007. The deadline for collecting qualifying contributions to become a clean elections candidate for the general election will be August 31, 2007.
- 6) Seed money will be permitted to be collected in increments of no more than \$100, up to a \$10,000 maximum.

- 7) Participating clean elections candidates will be required to collect at least 800 qualifying contributions of \$10 each.
- 8) A candidate who is certified and receives public funds for the primary election is automatically a clean elections candidate for the general election. A candidate who is unable to raise sufficient qualifying contributions to be certified for the primary election may continue to try to be certified and receive public funds for the general election.
- 9) Qualifying contributions and seed money may be submitted by check, money order, check card, credit card, or cash.
- 10) Seed money received as in-kind contributions will be limited to no more than \$100, which is the maximum amount from an individual contributor. Qualifying contributions are not permitted to be in-kind contributions. The Election Law Enforcement Commission (ELEC) will define de minimis in-kind contributions, which will not count as seed money.
- 11) Seed money and qualifying contributions will be given directly to a participating candidate, not the Clean Elections fund. A participating candidate must maintain two separate accounts: one to deposit and spend seed money, and one to deposit qualifying contributions.
- 12) Paperwork requirements will be streamlined and clarified, including the elimination of the employer information requirement for qualifying contributions; multiple individuals will have the ability to make qualifying contributions to a participating clean elections candidate using a single form, and candidates will be permitted to create a form to mail to potential contributors. Electronic filing should be used whenever possible.

- 13) Participating candidates will report seed money and qualifying contribution amounts to ELEC each time they receive 200 or more qualifying contributions.
- 14) Once certified, candidates will receive \$60,000 in the primary election and \$100,000 in the general election as their initial allotment from the Clean Elections fund. If, however, a clean elections candidate is unopposed, the candidate will receive \$30,000 in the primary election and \$50,000 in the general election.
- 15) Third party or independent candidates who become clean elections candidates will receive the same amount of public funds as are available to major party candidates.
- 16) If a clean elections candidate is opposed by a nonparticipating candidate in the primary or general election, the clean elections candidate will receive additional funding (known as forfeiture money) within 24 hours of the nonparticipating candidate notifying ELEC that he or she has raised an amount equal to the initial allotment from the Clean Elections fund.
- 17) In the general election, if a nonparticipating candidate raises funds in excess of the initial allotment given to clean elections candidates, additional funds (known as rescue money) will be released to the clean elections candidates.
- 18) In the primary or general election, if independent expenditures are made against a clean elections candidate, additional funds can be released to that candidate.
- 19) The voter's guide will be printed on the back of the sample ballot, and counties will be encouraged to copy and distribute it.

- 20) ELEC will administer the pilot project and provide adequate information about the program, technical monitoring and support to candidates and the public. ELEC will also administer a general public information campaign, for which it may contract with a private entity.
- 21) The 2007 pilot project will be funded by a legislative appropriation of \$8.995 million.
- 22) The 2005 NJCCEC will be dissolved no later than 180 days after issuance of its final report, pursuant to current law. A new commission will be created for the 2007 pilot project, and there will be a seamless transition between the 2005 commission and the commission to oversee the 2007 pilot project.
- 23) The provisions of the law that created the 2005 pilot project will apply to the 2007 pilot project in places where this report is silent.

2007 Fair and Clean Elections Pilot Project:

The following is an explanation of the recommendations of the New Jersey Citizens' Clean Elections Commission for the 2007 New Jersey Fair and Clean Elections Pilot Project. The pilot project will consist of a temporary program for the public financing of candidates seeking election to the office of member of the Senate and the office of member of the General Assembly from six legislative districts in 2007.

The pilot project will apply to both primary and general elections, but a candidate will need to collect seed money and qualifying contributions only once to be certified as a clean elections candidate. A candidate who is certified and receives public funds for the primary election is automatically a clean elections candidate for the general election. A candidate who is unable to raise sufficient qualifying contributions to be certified for the primary election may seek to be certified and receive public funds for the general election.

Selection of Participating Districts:

The 2007 pilot project will include six legislative districts, including the two districts that participated in the 2005 pilot project. The districts will be distributed geographically throughout the State, with two in North Jersey, two in Central Jersey, and two in South Jersey. The districts will be selected between November 20, 2006 and December 1, 2006 by the chair of the State Democratic Party and the chair of the State Republican Party from a set of competitive and moderately competitive districts. The chair of the New Jersey Citizens' Clean Election Commission (NJCEC) will convene a meeting of the State party chairs, at which time the chair of the NJCEC will determine by lot which State party chair is entitled to make the first selection of a pilot district for 2007, followed by alternating selections by each party chair.

If the State chairs refuse to make a selection, an alternative selection committee will be appointed. The committee will be comprised of five members: one appointed by

the Speaker of the General Assembly, one appointed by the Minority Leader of the General Assembly, one appointed by the President of the Senate and one appointed by the Minority Leader of the Senate. These four members will then meet and select a fifth member, who will be a former governor of this State. The alternative selection committee will be appointed by December 7, 2006, and will select the districts by December 14, 2006.

The competitive and moderately competitive districts eligible to be selected are as follows:

South Jersey*	Central Jersey*	North Jersey
1, 2, 3, 4, 7	11, 12, 14, 18, 21	22, 25, 36, 38, 39

* The 6th and 13th Legislative districts will automatically participate in the 2007 pilot project, leaving only one district to be selected from South Jersey and Central Jersey.

These districts were selected by the NJCCEC using an analysis of vote totals in legislative districts for 2003 and 2005. It is noted that all of the districts eligible for selection had an average “spread” between Democrat and Republican votes for candidates for the General Assembly in 2003 and 2005 of less than 22 percent. (See Appendix 6) Additionally, information on voter registration and expenditures for candidates in select districts can be found in Appendices 4 and 7.

Qualifying Period:

Declaration of Intent

To begin seeking certification as a clean elections candidate, a candidate in a participating district must notify the Election Law Enforcement Commission (ELEC) by filing a declaration of intent to seek certification. A declaration of intent may be filed beginning on December 26, 2006, and must be filed before a candidate starts collecting seed money or qualifying contributions. The qualifying period for participating clean

elections candidates, during which candidates can collect seed money and qualifying contributions, will begin on January 1, 2007.

A major party candidate who wishes to be a participating candidate must submit a declaration of intent to ELEC before the 2007 primary filing deadline, which is April 10, 2007. A direct petition candidate who wishes to be a participating candidate must submit a declaration of intent to ELEC by the date of the primary election, June 5, 2007. In both cases, a candidate must have filed his or her petition of nomination to become eligible to receive clean election funds.

Assembly candidates from the same political party can choose to run independently or as a “team” of clean candidates. Senate candidates will run independently from Assembly candidates.

Amount of Contributions

Participating candidates may raise seed money in contributions of no greater than \$100, from individuals including the candidate and candidate’s immediate family, but not from a candidate committee, joint candidates committee, political committee, continuing political committee, political party committee or legislative leadership committee, up to a limit of \$10,000 in the aggregate. The seed money contributions are to be used by a participating candidate seeking to raise enough qualifying contributions to become certified as a New Jersey Fair and Clean Elections candidate. To become certified and receive public funding, a candidate will be required to raise at least 800 qualifying contributions of \$10 each from registered voters residing in the district the candidate is seeking to represent, for a total of \$8,000. The candidate will then suspend, for the duration of the campaign, all access to campaign funds raised prior to becoming a participating candidate.

Collection of Monetary Contributions

Both seed money and qualifying contributions will be collected by participating candidates and deposited into separate accounts maintained by the candidates. Seed money contributions will be subject to the same disclosure requirements currently applied to other contributions reportable to ELEC. Both seed money and qualifying contributions will be permitted to be made by check, money order, debit card, credit card, or cash, although individuals making cash contributions will be required to submit an additional statement to protect against fraud. Participating candidates will be permitted to accept qualifying contributions from multiple individuals using a single form, similar to the form used in the Maine clean elections program. No individual making a qualifying contribution will be required to provide employer information, although such information will be required of an individual making a seed money contribution. Additionally, participating candidates will be able to create a separate qualifying contribution form to mail out to potential contributors. Joint checking account holders may make a qualifying contribution using one check signed by one account holder; however, each individual contributor must sign a contribution form.

In-kind Contributions

In-kind contributions of seed money will be limited to \$100, which is the maximum contribution amount from an individual contributor. ELEC will, by regulation, define de minimis in-kind contributions, especially with respect to events held in an individual's home to raise qualifying contributions, and will specify that such de minimis in-kind contributions cannot be counted as seed money. Qualifying contributions will not be permitted to be in-kind contributions.

Volunteer activity for the solicitation and collection of qualifying contributions, in accordance with standards acceptable to ELEC, will not be counted as an in-kind contribution.

Reporting and Deadlines

A participating candidate will report both qualifying contributions and seed money amounts to ELEC every time 200 or more qualifying contributions are received. Electronic filing of reports should be used whenever possible.

To receive funds for the primary election, a participating candidate must collect the required number of qualifying contributions, and meet all the other requirements, by the 27th day before the primary election, which is May 10, 2007.¹ If a candidate is unable to collect the required number of qualifying contributions by the primary qualifying deadline, the candidate can spend qualifying contributions and seed money raised up to that point in the primary campaign. The candidate can then continue to collect seed money and qualifying contributions until the end of the general election qualifying period, which will be August 31, 2007.

Participating Candidates Withdrawing from the Program

A participating candidate may rescind his or her declaration of intent, and ELEC must acknowledge this action, before the candidate can begin raising and spending funds in the traditional manner. Qualifying contributions in the account of a participating candidate who rescinds his or her declaration of intent will be paid over to the State, to be used as clean election funds. However, if a participating candidate does not qualify by virtue of not having received sufficient qualifying contributions by the general election qualifying deadline date of August 31, the candidate can keep all qualifying contributions, as well as remaining seed money, to use in the balance of his or her campaign.

¹ The commission notes that direct petition candidates are eligible to receive funding for the primary election period, even though they do not run in a primary election.

Certification as a New Jersey Fair and Clean Elections Candidate:

Participating candidates will be certified as New Jersey Fair and Clean Elections candidates if: they signed and filed with ELEC a declaration of intent to participate in the election as such a candidate; received the appropriate number of valid qualifying contributions; submitted a valid petition of nomination to the appropriate authority; and they did not accept additional contributions while a participating candidate, other than seed money contributions.

ELEC will notify a participating candidate within three days of applying for certification whether or not he or she has been certified.² Upon certification, ELEC will transmit to the candidate an initial allotment from the Clean Elections fund, less the amount of qualifying contributions and the balance of the seed money in the candidate's accounts.

After the primary election, if a clean elections candidate has unspent clean election funds in his or her campaign accounts, this excess will be deducted from the amount of clean election funds the candidate receives for the general election. If a clean elections candidate loses the primary, the excess will be turned over to the Clean Elections fund. ELEC will promulgate regulations to establish standards for the disposition of "excess" funds.

A candidate who has been denied certification by ELEC as a clean elections candidate, or a person who opposes the certification of a candidate, can challenge a certification by appealing to ELEC within three days of the decision to grant or deny a certification. Within five days, ELEC will hold a hearing, and will issue a ruling within three days after that. A challenger can appeal ELEC's ruling in the Appellate Division. If a clean elections candidate's certification is revoked by the Appellate Division, the

² The commission notes that the time period for determining certification may have to be extended beyond three days if the program expands to more districts in 2009, to give ELEC adequate time to certify candidates.

candidate must return all unspent money to the Clean Elections fund. If ELEC or the Court find that the challenge was made frivolously or to cause delay or hardship, the challenger may be required to pay the expenses of ELEC, the Court, and the challenged candidate.

Clean Elections Candidates Withdrawing from the Program

A clean elections candidate may withdraw from the program and become a nonparticipating candidate at any time. The candidate will have to notify ELEC of the decision to withdraw, and ELEC will acknowledge the withdrawal and issue a press advisory to notify the public. Any clean election funds left in the candidate's account will be remitted to ELEC within three days of the candidate's withdrawal.

Public Funding:³

Upon becoming certified, a candidate will be provided with \$60,000 in the primary election and \$100,000 in the general election as an initial allotment from the Clean Elections fund, unless the candidate is running unopposed, in which case he or she will receive \$30,000 in the primary election and \$50,000 in the general election. A third party or independent candidate who becomes a clean elections candidate will be provided with the same amount of public funding provided to a major party candidate.

Opposition by a Nonparticipating Candidate

If a clean elections candidate is opposed by a nonparticipating candidate in the general election, the nonparticipating candidate will be required to notify ELEC when he or she reaches 75 percent and 100 percent of the amount of the initial clean fund allotment. An amount of money equal to the initial allotment to a clean elections candidate (known as forfeiture money) will be released to each clean elections candidate

³ A chart of the amounts of public funding available to certified candidates is provided as Appendix 3.

within 24 hours of the nonparticipating candidate in that district raising that amount through traditional methods.

If there are multiple nonparticipating candidates in a district, the clean elections candidates will receive this additional funding only once.

Rescue Money and Independent Expenditures

In the general election, when a nonparticipating candidate has raised more than the initial allotment to a clean elections candidate by traditional methods, the clean elections candidate is entitled to additional public funding (known as rescue money), up to a maximum of \$100,000, in \$10,000 increments. Additionally, if an independent expenditure is made against a clean elections candidate, or in favor of the candidate's opponent, the clean elections candidate can apply to ELEC for additional public funding by filing a written and certified complaint. The clean elections candidate can then receive up to a maximum amount of \$60,000 in the primary election and \$100,000 in the general election, provided in payments of at least \$1,000.

Communication of a labor organization, partnership, membership organization or other association to its members and their families, or from a corporation to its shareholders and their families, will not be counted as an independent expenditure.

A political party committee, whether or not acting in coordination with a nonparticipating candidate, cannot make an expenditure to influence members of the public who are not members of the political party to support or defeat a clean elections candidate.

Expenditures with Nonparticipating Candidates

If a clean elections candidate chooses to have a joint campaign expenditure with a nonparticipating candidate, the nonparticipating candidate's portion of the expenditure

cannot exceed the clean elections candidate's expenditure. Otherwise, the excess expenditure of the nonparticipating candidate will be an illegal contribution to the clean elections candidate, and both candidates will be penalized by a fine of up to \$6,000.

Public Information:

General Provisions

ELEC will administer the pilot project and provide adequate information about the program, technical monitoring and support to candidates and the public. ELEC will also administer a general public information campaign, which it may contract out to a private entity. An appropriation of \$600,000 will be provided to ELEC for the cost of this public information campaign. This appropriation was derived in part from information received from the Eagleton Institute of Politics, which conducted a workshop entitled "Communicating with the Public: A Focus on Clean Elections," on February 10, 2006.

Specific Provisions

In addition to the general mandate to provide information to candidates and the public, ELEC will also undertake two specific public information requirements. First, ELEC will prepare a voter's guide to be printed on the back of the sample ballot for each of the districts in which clean elections candidates are seeking office, providing all candidates the opportunity to insert a statement not to exceed 500 words. The legislation establishing the 2007 Clean Elections pilot project will include a \$75,000 appropriation for the estimated cost of printing the voter's guide on the sample ballot. Counties will be encouraged to copy and distribute the voter's guides.

ELEC will also sponsor debates among the candidates in districts where clean elections candidates are seeking office and assess a penalty for a clean elections candidate failing to participate in such a debate.

Additional Provision for Clean Elections Candidates

In addition to the public information requirements for ELEC, a clean elections candidate must include in any campaign advertisement paid for by the candidate and transmitted through radio or television, or through any broadcast, cable, or satellite transmission, or via the Internet, or in any other communication, a statement that he or she approved the advertisement.

The New Jersey Citizens' Clean Elections Commission:

The 2005 “New Jersey Citizens' Clean Elections Commission” (NJCCEC) will be dissolved no later than 180 days after issuance of this report. A new commission will be created for the 2007 pilot project in the same manner as the NJCCEC was constituted for the 2005 pilot project. Members will be appointed no later than 30 days after the enactment of the 2007 legislation, and the organizational meeting of the new commission will be held no later than 30 days after their appointment, at which time the 2005 NJCCEC will expire, thereby providing a seamless transition between the 2005 commission and the commission to oversee the 2007 pilot project.

P.L.2004, c.121 contemplated that the 2005 NJCCEC will, in addition to its other duties, “consider such other matters relating to the issue of ‘clean elections’ and campaign finance as the members of the NJCCEC may deem appropriate.” Consistent with this, the 2007 commission will explore other issues related to clean elections, ethics, and campaign finance, such as the competitiveness of legislative districts and redistricting in general, independent expenditures and 527 organizations, and between elections expenditure funds, and make recommendations for reform.

Penalties:

The pilot project will include penalty provisions. Any person found to be in violation of the law will be liable to a penalty of not more than \$6,000 for the first

offense and not more than \$12,000 for the next and each subsequent offense. Any individual who is found to have knowingly and willfully given any amount of money to another person for the purpose of having that other person give that money to a participating candidate as a qualifying contribution is guilty of a crime of the fourth degree. Any person, candidate or official associated with the campaign of a participating or clean elections candidate who knowingly and willfully makes false statements or files false reports is guilty of a crime of the third degree. Any participating candidate who files a report found to be in violation of the seed money and qualifying contributions requirements will be disqualified as a candidate for the public office sought or will forfeit such office if elected.

Funding:

The bill includes a legislative appropriation of \$8.995 million to cover the costs of the 2007 pilot project. \$600,000 of the appropriation is for the public information campaign to be administered by ELEC, and \$75,000 is for printing the voter's guide on the back of the sample ballot.

\$8.32 million is available for deposit into the New Jersey Fair and Clean Elections Fund for distribution to clean elections candidates. Of this total, \$7.32 million represents the total amount to be distributed to clean elections candidates if each participating district has two candidates from each major political party and two independent candidates. The additional \$1 million represents money to be distributed in the event of independent expenditures made against a clean elections candidate.

The commission notes that it is unlikely that all candidates in the participating districts will become clean elections candidates, so the amount of money distributed may be less. Conversely, additional funding may be distributed if nonparticipating candidates trigger the release of extra funds to clean elections candidates.

Draft Proposed Legislation

AN ACT creating a pilot project for the public financing of candidates seeking nomination and election to the offices of member of the Legislature in certain legislative districts in 2007, and making an appropriation.

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

1. This act shall be known and may be cited as the "New Jersey Fair and Clean Elections Pilot Project of 2007."

2. The Legislature finds and declares that:

a. On August 11, 2004, P.L.2004, c.121 was enacted into law, creating the "New Jersey Fair and Clean Elections Pilot Project."

b. This project was a milestone in the political history of this State because it sought to halt the erosion in public confidence in democratic institutions by instituting a voluntary campaign finance system for legislative office that removed access to wealthy contributors as a major determinant of a citizen's influence within the political process.

c. The pilot project was based on similar programs in Arizona and Maine and it sought to have candidates for election to the office of member of the General Assembly in two legislative districts seek office with equal financial resources.

d. The pilot project was a success in the sense that all the candidates in each of the selected districts sought election as "clean elections" candidates, though only two candidates were actually certified as such, and the project raised public awareness about a proven method of campaign finance that allows candidates to compete for election on the basis of issues and not on how much money they raise and spend.

e. The New Jersey Citizens' Clean Elections Commission (NJCCCEC), which was created by P.L.2004, c.121 to monitor the project and report to the Legislature, found that the project was worth continuing and, with some adjustments, was ready to be used in

primary and general elections for the office of member of the Senate and the office of member of the General Assembly in 2007, as provided for in the act.

f. P.L. , c. (pending before the Legislature as this bill) embodies the changes to P.L.2004, c.121 suggested by participants in the pilot project, legislators and the members of interest groups who also monitored the program, and the members of the NJCCEC.

g. As with P.L.2004, c.121, the new pilot project's goal is to improve the unfavorable opinion that many residents of this State have toward the political process and to strengthen the integrity of that process and improve access to it by many individuals and groups who have traditionally not been part of it.

h. To achieve this goal and to ensure the success of the clean elections method of campaign finance in this State, it is essential for the Election Law Enforcement Commission (ELEC) to continue to administer the clean elections pilot project, as it administered P.L.2004, c.121, and to do so in a manner that is consistent with the intent and spirit of the final report and recommendations of the NJCCEC.

3. As used in this act:

"Clean elections candidate" means a candidate seeking nomination and election to the office of member of the Senate or the office of member of the General Assembly who has chosen to seek such office pursuant to the provisions of P.L. , c. (pending before the Legislature as this bill) and is certified pursuant to section 9 of this act.

"Commission" means the Election Law Enforcement Commission, established pursuant to section 5 of P.L.1973, c.83 (C.19:44A-5).

"Department" means the Department of the Treasury.

"Fund" means the New Jersey Fair and Clean Elections Fund, established pursuant to section 5 of this act.

"NJCCEC" means the New Jersey Citizens' Clean Elections Commission, established pursuant to section 19 of this act.

"Nonparticipating candidate" means a candidate seeking election to the office of member of the Senate or member of the General Assembly who does not seek office

pursuant to the provision of this act and is not certified as a clean elections candidate pursuant to section 9 of this act.

"Participating candidate" means a candidate from a participating district, as designated by section 6 of this act, who seeks nomination and election to the office of member of the Senate or the office of member of the General Assembly pursuant to the provisions of this act and is seeking certification as a clean elections candidate.

"Political party committee" has the same meaning as provided in subsection p. of section 3 of P.L.1973, c.83 (C.19:44A-3).

"Qualifying contribution" means a contribution of \$10:

- a. given to a participating candidate by an individual who is registered to vote and resides in the district the candidate seeks to represent; and
- b. that is contributed during the qualifying period.

"Qualifying period" means the period during which both seed money contributions and qualifying contributions can be collected:

- a. for the primary election, beginning on January 1, 2007 and ending on May 10, 2007; and
- b. for the general election, beginning on January 1, 2007 and ending on August 31, 2007.

"Seed money contribution" means a contribution of money of no more than \$100 per individual, including the candidate and candidate's immediate family, but not from a candidate committee, joint candidates committee, political committee, continuing political committee, political party committee or legislative leadership committee, up to a limit of \$10,000 in the aggregate.

4. There is hereby established a pilot project for the public financing of the campaigns of candidates seeking nomination and election to the office of member of the Senate or seeking nomination and election to the office of member of the General Assembly from six legislative districts in 2007. The pilot project shall also be open to candidates for those offices in those districts nominated directly by petition. Candidates participating in this pilot project shall comply with the applicable provisions of the "The

New Jersey Campaign Contributions and Expenditures Reporting Act," P.L.1973, c.83 (C.19:44A-1 et seq.), unless otherwise provided by this act.

5. a. There is established in the Department of Treasury a fund to be known as the "New Jersey Fair and Clean Elections Fund," hereafter referred to as the fund, to be held separate and apart from all other funds of the State. The department shall administer the fund and monies in the fund shall be used to finance the election campaigns of clean elections candidates, certified as such by the commission pursuant to section 9 of this act. All moneys on deposit pursuant to this section shall be appropriated for the fiscal year in which there is an election to nominate and elect members of the Senate and members of the General Assembly, as required by this act.

b. Moneys from the following sources shall be deposited in the fund:

- (1) voluntary donations made directly to the fund;
- (2) all earnings received from the investment of money in the fund;
- (3) fines and penalties collected by the commission, pursuant to section 20 of this act;
- (4) money returned to the fund by candidates who withdraw from being clean elections candidates, pursuant to section 10 of this act; and
- (5) money appropriated to the fund.

6. A total of six districts shall be selected to participate in the New Jersey Fair and Clean Elections Pilot Project of 2007. They shall be selected as follows.

a. The 6th and 13th legislative districts, which participated in the pilot project established by P.L.2004, c.121, are designated as participating districts.

b. The following legislative districts shall be potential participating districts: the 1st, 2nd, 3rd, 4th and 7th, which shall be known as the southern districts; the 11th, 12th, 14th, 18th and 21st, which shall be known as the central districts; and the 22nd, 25th, 36th, 38th and 39th, which shall be known as the northern districts.

The chair of the State political party whose candidate for the office of Governor received the largest number of votes in the most recent gubernatorial election and the chair of the State political party whose candidate for the office of Governor received the

next largest number of votes in the most recent gubernatorial election shall each select two legislative districts from the list of potential participating districts in this subsection to participate in the pilot project. Each chair shall select as participating districts no more than one district from either the southern districts or central districts or no more than two districts from the northern districts. The chair of the New Jersey Citizens' Clean Election Commission, established pursuant to section 19 of this act, shall convene a meeting of the State political party chairs no later than November 20, 2006, at which time the chair of the New Jersey Citizens' Clean Election Commission shall determine by lot which State political party chair is entitled to make the first selection from among the potential participating districts listed in this subsection. The other State political party chair shall be entitled next to make the second selection from among the potential participating districts. Thereafter, the State chair that made the first selection shall make the third selection and the State chair that made the second selection shall make the fourth selection. The selection of participating districts by the chairs shall begin no earlier than November 20, 2006 and end no later than December 1, 2006.

c. In the event that one or both of the State chairs refuse to make such a selection by December 1, 2006, there shall be established an alternative selection committee to make the selection from the potential participating districts stated in subsection b. of this section. The committee shall be comprised of five members. One person shall be appointed by the Speaker of the General Assembly, one person shall be appointed by the Minority Leader of the General Assembly, one person shall be appointed by the President of the Senate and one person shall be appointed by the Minority Leader of the Senate. These four members shall then meet and select a fifth member, who shall be a former governor of this State. The appointments to the committee shall be made no later than December 7, 2006. Using the districts and criteria established in this section, the committee shall select the districts to participate in the pilot project no later than December 14, 2006.

d. The legislative districts selected to participate in the pilot project shall be those districts approved by the Apportionment Commission on April 11, 2001 and described in the corrected plan for legislative districts filed with the New Jersey Secretary of State on April 17, 2001.

7. a. Following selection pursuant to section 6 of this act, each candidate who seeks to become a participating candidate shall:

(1) sign and file a declaration of intent to seek certification and to comply with the requirements of this act, which shall be filed with the commission between December 26, 2006 and April 10, 2007 for candidates who are members of a political party and June 10, 2007 for candidates seeking election by direct nomination by petition using the forms and procedures developed by the commission pursuant to section 21 of this act;

(2) begin to accept seed money contributions and qualifying contributions under section 8 of this act; and

(3) suspend for the time the candidate is a participating candidate all access that candidate has to the funds of the candidate committee of that candidate, including those that the candidate has as part of a joint candidates committee, which have been raised prior to seeking to become a participating candidate.

b. (1) Participating candidates who are seeking nomination and election to the office of member of the General Assembly from the same legislative district and are members of the same political party may seek certification either independently from each other or together. If two participating candidates seek nomination and election together, both shall be required to become certified clean elections candidates together. A participating candidate who is seeking nomination and election to the office of member of the Senate shall seek such nomination and election independently from candidates for nomination and election to the office of member of the General Assembly from the same political party and in the same legislative district.

(2) In the event that a participating candidate is certified and seeks nomination or election as the running mate of a nonparticipating candidate, any campaign expenditures made by such candidates together shall be allocated equally between them, and the nonparticipating candidate's portion of the expenditure cannot exceed the clean elections candidate's portion. Failure to observe this provision shall constitute an illegal contribution to the clean elections candidate and both that candidate and the nonparticipating candidate shall be in violation of this provision and liable for the penalty provided by subsection a. of section 19 of this act.

A declaration of intent shall be filed no earlier than December 26, 2006 and no later than April 10, 2007 for candidates who are members of a political party and June 10, 2007 for candidates seeking election by direct nomination by petition.

Any participating candidate who does not file a declaration of intent to seek certification during the specified time period shall be considered a nonparticipating candidate and precluded from becoming a clean elections candidate in the primary election or general election, as appropriate, in 2007.

8. After filing a declaration of intent, and prior to certification as a clean elections candidate, a participating candidate shall collect only seed money contributions and qualifying contributions, starting on January 1, 2007 and continuing for the remainder of the qualifying period.

a. (1) A participating candidate shall obtain seed money contributions in amounts of no more than \$100 per individual, up to a maximum of \$10,000 in the aggregate. Such funds shall be raised and spent by a candidate during the qualifying period while the candidate seeks the required number of qualifying contributions. Except as provided in paragraph (2) of this subsection, no seed money contributions shall be accepted from a candidate committee, joint candidates committee, political committee, continuing political committee or legislative leadership committee.

(2) A participating candidate may use funds raised and reported to the commission pursuant to P.L.1973, c.83 (C.19:44A-1 et seq.) prior to becoming such a candidate as part of the seed money collected by a participating candidate, but only to the extent that such money can be attributable to contributions of \$100 or less from individuals.

(3) Seed money contributions shall be in the form of cash, check, money order, electronic check, debit card, or credit card payable to one or more participating candidates. Cash contributions shall be accompanied by a form developed by the commission and signed by the individual that includes an affirmation that the contribution is made without knowing intention to commit fraud.

(4) All seed money contributions shall be deposited into an account separate from all other accounts but in the name of the candidate in a banking institution holding a State

or federal charter. The candidate shall file a report with the commission on the amount of seed money contributions collected at the same time as the candidate files reports on the number of qualifying contributions collected, as required by this section. The report shall include the forms required by this subsection.

(5) In-kind contributions of seed money that have a fair market value of \$100 or less per event shall be permitted and counted toward the \$10,000 seed money maximum. Pursuant to section 20 of this act, the commission shall define what constitutes a de-minimus in-kind contribution of seed money, especially with respect to events held in an individual's home to raise qualifying contributions.

(6) The form completed by an individual who makes a seed money contribution shall: (a) be as clear, concise and easy to use as possible; (b) serve as the acknowledgement of one or more contributions by one or more individuals to a single candidate; and (c) include the name and mailing address of the employer of the individual and such other identifying information deemed appropriate by the commission.

b. (1) A participating candidate shall obtain qualifying contributions of \$10 per individual, including the candidate and the candidate's immediate family, during the qualifying period from at least 800 registered voters residing in the district the candidate is seeking to represent. Such funds shall not be spent by a candidate during the qualifying period. No qualifying contributions shall be accepted from a candidate committee, joint candidates committee, political committee, continuing political committee or legislative leadership committee.

(2) Qualifying contributions shall be in the form of cash, check, money order, electronic check, debit card, or credit card payable to the one or more participating candidates. No such contribution shall be in the form of an in-kind contribution. Cash contributions shall be accompanied by a form developed by the commission and signed by the individual that includes an affirmation that the contribution is made without knowing intention to commit fraud.

(3) All qualifying contributions shall be deposited into an account separate from all other accounts but in the name of the candidate in a banking institution holding a State or federal charter. The candidate shall file a report each time the candidate receives 200

or more \$10 contributions and the report shall include the forms required by paragraph (4) of this subsection.

(4) The form completed by an individual who makes a qualifying contribution shall: (a) be as clear, concise and easy to use as possible; (b) serve as the acknowledgement of one or more contributions by one or more individuals to a single candidate; and (c) include such identifying information as deemed appropriate by the commission, except that such information shall not include the name and mailing address of the employer of the individual.

c. Each participating candidate shall be permitted to create a qualifying contribution form, using the requirements established by this act and the commission, to mail to potential contributors.

d. An individual shall be permitted to make both a seed money contribution and a qualifying contribution to one or more participating candidates.

e. Joint checking account holders shall be permitted to make qualifying contributions and seed money contributions using one check that is signed by one account holder; however, each individual shall sign the contribution form required by this section.

f. Personal services performed by an individual, a political party committee or another association organization or group on a voluntary, non-compensated basis on behalf of a participating candidate for the purpose of collecting seed money contributions and qualifying contributions and the collection of signatures on petitions of nomination, shall be permitted and not counted as an in-kind contribution, in accordance with standards acceptable to the commission.

g. Except as provided otherwise by this act, all cash contributions shall be subject to the provisions of P.L.1973, c.82 (C.19:44A-1 et seq.), as amended and supplemented.

h. The commission shall ensure the rapid transmission and public access to the reports required by this section and, wherever possible, shall use electronic means for receiving, reporting, storing and displaying such information.

9. The commission shall certify a participating candidate as a clean elections candidate if he or she has:

a. received the appropriate amount of valid qualifying contributions, pursuant to section 8 of this act;

b. not accepted other contributions, except for seed money contributions, and otherwise complied with the contribution restrictions of this act;

c. in the case of a candidate seeking certification for primary election funds,

(1) submitted to the Attorney General a petition of nomination with the required number of valid signatures necessary to nominate a candidate to be voted for by the voters of a political party, pursuant to chapter 23 of Title 19 of the Revised Statutes or submitted to the Attorney General a petition for direct nomination pursuant to chapter 13 of Title 19 of the Revised Statutes; and

(2) received the required number of qualifying contributions by May 10, 2007; and

d. otherwise met the requirements to be considered a clean elections candidate pursuant to this act.

The commission shall certify a participating candidate as soon as possible, and in any case no later than three days after the candidate makes his or her final submission of qualifying contributions. A certified candidate shall comply with the provisions of this act after the candidate has been certified and through the general election.

After certification, a candidate shall limit his or her campaign expenditures and obligations, including outstanding obligations, to the moneys distributed to the candidate from the fund and shall not accept any other contributions, including seed money, unless specifically authorized by this act or the commission. All such funds distributed to clean elections candidates from the fund shall be used only for the purposes provided in section 17 of P.L.1993, c.65 (C.19:44A-11.2).

10. a. (1) A candidate who is certified as a clean elections candidate during the qualifying period prior to the primary election shall continue to be a clean elections candidate in the general election, provided that, in the case of a candidate who is a member of a political party, the candidate receives the nomination for election at the primary election. Such a clean elections candidate shall comply with the relevant

provisions of this act and shall receive moneys from the fund for the general election pursuant to section 11 of this act.

(2) A clean elections candidate shall be permitted to withdraw from being such a candidate and become a nonparticipating candidate at any time prior to the day of the primary election or general election, after transmitting written notification and certification thereof to the commission. The commission shall provide the candidate with a receipt of the notification within 24 hours of receiving the notification and shall, as soon as possible thereafter, make a public announcement noting the withdrawal and as part of the announcement inform available electronic news media and at least three newspapers that circulate within at least three counties in this State that the candidate who has withdrawn is no longer a clean elections candidate. Upon the receipt of the notification from the commission, the candidate shall: (a) immediately suspend all activity on all accounts established and used as a clean elections candidate; (b) within 24 hours thereafter, make and certify an accounting of the moneys remaining in those accounts, including any money received from the fund; and (c) within 24 hours thereafter, return to the commission for deposit into the fund all moneys remaining in the accounts.

b. (1) If a participating candidate tries but fails to become certified on or before May 10, 2007, the last day of the qualifying period for the primary election, the candidate can continue to seek certification for the general election until August 31, 2007, the last day of the qualifying period for the general election, pursuant to the provisions of this act, or become a nonparticipating candidate.

(2) If a participating candidate continues to seek certification, pursuant to paragraph (1) of subsection b. of this section, he or she shall be permitted to spend in the primary election the qualifying contributions and seed money contributions collected as of that date. The candidate shall, at the same time, be permitted to collect seed money contributions and qualifying contributions until August 31, 2007, the last day of the qualifying period for the general election.

c. If a participating candidate chooses not to become a clean elections candidate and become instead a nonparticipating candidate, the candidate shall rescind his or her declaration of intent by so notifying the commission as soon as possible. The

commission shall acknowledge this decision as soon as possible, but in any event no more than three days after receipt of the request. Once the candidate receives the acknowledgement, the candidate shall be permitted to raise and spend campaign contributions pursuant to the provisions of P.L.1973, c.83 (C.19:44A-1 et seq.). The qualifying contributions in the account of such a candidate shall be remitted to the fund as soon as possible, but in no event more than three days following receipt of the acknowledgement. If a participating candidate fails to qualify because he or she did not receive sufficient qualifying contributions by the last date of the qualifying period for the general election, the candidate shall be permitted to retain and expend those qualifying contributions as well as any remaining seed money that been collected.

d. A candidate who was a participating candidate in the primary election shall be permitted to become a clean elections candidate for the general election, provided the candidate complies with the requirements of section 9 of this act.

e. Each clean elections candidate who is defeated in a primary or general election in 2007 shall, upon the filing of a final report relative to the election, return to the commission for deposit into the fund all unspent fund moneys.

11. a. (1) Each clean elections candidate in a primary election shall be provided with \$60,000 from the fund; except that, if a candidate for the office of member of the Senate is unopposed by any other candidate seeking nomination for election for that office from the same party and in the same district or two candidates for the office of member of the General Assembly are unopposed by other candidates seeking nomination for that office from the same party and the same district, each clean elections candidate shall be provided with \$30,000 from the fund.

(2) Each clean elections candidate who seeks election by direct nomination by petition shall be provided with \$30,000 from the fund if certified as a clean elections candidate on or before May 10, 2007, the last day of the qualifying period for the primary election. This amount shall be in addition to the money provided to such a candidate pursuant to subsection b. of this section.

No later than the third day following certification of the election, the commission shall determine the amount of seed money remaining in the candidate's account and shall

authorize the department to transmit to the candidate from the fund as soon as possible the amount of money provided for by this section, less the amount of remaining seed money and qualifying contributions received by the candidate.

If a clean elections candidate is not nominated for election at a primary election, any funds remaining in the candidate's seed money and qualifying contribution accounts shall be remitted to the fund as soon as possible after certification of the election, but in no event more than three days following the certification.

b. Each clean elections candidate in a general election shall be provided with \$100,000 from the fund, except that if a candidate for the office of member of the Senate is unopposed by any other candidate seeking election to that office in the same district or if two candidates for the office of member of the General Assembly are unopposed by other candidates seeking election to that office in the same district, each corresponding clean elections candidate shall be provided with \$50,000 from the fund.

c. Each participating candidate who is certified after the primary election but before the expiration of the qualifying period for the general election and each clean elections candidates who is nominated for election at a primary election shall receive \$100,000 from the fund to seek election to either the office of member of the Senate or the office of member of the General Assembly during the period between the day following the day that the results of the primary election are certified, pursuant to chapter 23 of Title 19 of the Revised Statutes, and August 31, 2007; except that if a candidate for the office of member of the Senate is unopposed by any other candidate seeking election to that office in the same district or if two candidates for the office of member of the General Assembly are unopposed by other candidates seeking election to that office in the same district, each corresponding clean elections candidate shall be provided with \$50,000 from the fund.

12. a. (1) If a clean elections candidate is opposed for election by a nonparticipating candidate in the legislative district in which the candidate seeks nomination in a primary election or election in a general election, the clean elections candidate shall receive from the fund one payment of money, which shall be known as forfeiture money, that is equal to the amount of money that will have been issued to the

nonparticipating candidate from the fund pursuant to section 11 of this act if that nonparticipating candidate had become a clean elections candidate.

(2) A nonparticipating candidate in a participating district shall notify the commission in writing and certify when the candidate raises by traditional methods 75 percent and 100 percent of the amount of money available for distribution to a clean elections candidate in the district pursuant to section 11 of this act. Notwithstanding the provisions of P.L.1973, c.83 (C.19:44A-1 et seq.) to the contrary, no contributor information relative to the money thus collected shall be disclosed to the commission with the notification but shall instead be included with the next campaign report required to be filed after the notification. The commission shall subsequently inform the respective clean elections candidates in the districts as soon as possible that the reports have been filed with the commission, but in any event no more than three days following receipt of the report.

(3) Within 24 hours after the commission has been notified by a nonparticipating candidate in a participating district that the candidate has raised 100 percent of the amount of money available for distribution to the opposing clean elections candidate in the district, the commission shall authorize the issuance of forfeiture money from the fund in an amount equal to the amount that will have been issued to the nonparticipating candidate from the fund pursuant to section 11 of this act if that nonparticipating candidate had become a clean elections candidate.

b. If a campaign report of a nonparticipating candidate shows that the aggregate amount of the contributions, alone or in conjunction with money raised on behalf of such a candidate in a primary election or general election by a person or a political committee, continuing political committee, political party committee, candidate committee, joint candidates committee or legislative leadership committee not acting in concert with that nonparticipating candidate, exceeds the amount of money provided to an opposing clean elections candidate pursuant to section 11 of this act for such a candidate in the district, the commission shall within 24 hours of the receipt of the report authorize the issuance from the fund to each opposing clean elections candidate in the same district as the nonparticipating candidate, an additional amount of money equivalent to the excess

amount, up to a maximum of \$100,000. The additional amount of money shall be known as rescue money and shall be issued as each increment of \$10,000 is reported.

c. (1) If, based on a written and certified complaint that is filed by a clean elections candidate, the commission determines that a nonparticipating candidate is benefiting from money spent independently on behalf of such a candidate or that a clean elections candidate is the subject of unfavorable campaign publicity or advertisements by a person or a political committee, continuing political committee, political party committee, candidate committee, joint candidates committee or legislative leadership committee not acting in concert with that opposing nonparticipating candidate, the commission shall within 24 hours of either determination authorize the issuance from the fund to the opposing clean elections candidate in the same legislative district who is not benefiting from such an expenditure of money, an additional amount of money up to a maximum of \$60,000, in increments of at least \$1,000, in a primary election and \$100,000, in increments of at least \$1,000, in a general election.

d. Notwithstanding any law, rule or regulation to the contrary, for the purposes of subsections b. and c. of this section, communications on any subject by a corporation to its stockholders and their families, or by a labor organization, partnership, membership organization or other association to its members and their families, shall not be considered to be an independent expenditure in aid of, or in opposition to, the candidacy of a nonparticipating candidate or a clean elections candidate.

e. The amounts of money provided to a clean elections candidate pursuant to this section shall be in addition to the money from the fund provided to a clean elections candidate pursuant to section 11 of this act.

13. For a candidate who is seeking election to the office of member of the Senate or the office of member of the General Assembly by direct nomination by petition, pursuant to chapter 13 of Title 19 of the Revised Statutes, to become a clean elections candidate, the candidate shall meet the requirements to become certified as provided in section 9 of this act. If the candidate meets those requirements and becomes certified, the candidate shall, for the general election, be eligible for the money from the fund as provided for in sections 11 and 12 of this act. If such a candidate become certified after

May 10, 2007, the candidate shall not be eligible for the funds provided in subsection a. of section 11 of this act, but shall receive the funds provided in subsection b. of that section.

14. No political party committee, whether or not acting in concert with a nonparticipating candidate, shall make an expenditure of money or other thing of value directed to the members of the public who are not members of the political party using any available medium to support the election or defeat of a clean elections candidate in a primary election or general election in 2007.

15. The commission shall undertake a comprehensive program to inform the voters in each participating district and the general public about the provisions of this act. The program shall include, but need not be limited to, the following elements.

a. The commission shall be the primary government source of information for the general public and the participating candidates about the provision of the “New Jersey Fair and Clean Elections Pilot Project of 2007,” as established by this act. This information shall be both of a general and technical nature, and include such aspects of campaign finance law and regulations in this State as deemed appropriate by the commission. To facilitate the dissemination of such information, the commission shall, at a minimum: (1) feature it at a prominent location on its website and allocate sufficient space thereon to explain the pilot project fully; (2) respond to questions received by telephone, via the Internet or any other means that are asked by the candidates and the general public about the pilot project; and (3) have information available to each registered voter in each participating district explaining the pilot project and notify the voter where additional information is available and how it may be accessed.

b. The commission shall be authorized to contract for the services it deems necessary to inform the voters in the districts selected to participate in the “New Jersey Fair and Clean Elections Pilot Project of 2007” about its provisions. The transmission shall occur by such means as the vendor and the commission deems appropriate, including but not limited to, Statewide or local electronic media, public service announcements broadcast by such media, special mailings to each voter registered in

each participating district, and paid advertisements in newspapers or publications circulating in the counties and municipalities in which the districts are located. Nothing in this section shall preclude a vendor from providing information about the pilot project to registered voters who reside in districts other than participating districts.

c. The commission shall prepare a voter's guide for the general public for each of the districts in which clean elections candidates are seeking nomination for election and election to public office. The guide shall list the name of each candidate seeking nomination and election to public office, respectively, and both clean elections candidates and nonparticipating candidates shall be invited by the commission to submit a statement, not to exceed 500 words in length, for inclusion in the guide. It shall identify the candidates that are participating candidates, the candidates that are clean elections candidates, and the candidates that are nonparticipating candidates. In all other respects, the guide shall be administered and distributed by the commission in the same manner as the commission administers and distributes the statements printed and mailed with the sample ballot for candidates seeking election to the office of Governor, pursuant to section 12 of P.L.1974, c.26 (C.19:44A-37). Copies of the guide shall be posted on the web site of the commission no later than the date provided for the mailing of sample ballots by R.S.19:14-25. The commission shall also encourage the clerk and elections officials in each county that contains a participating district to reproduce and distribute copies of the guide to as many publicly accessible, county-owned or operated facilities as possible.

d. The commission shall undertake any other actions it deems necessary to inform the voters in the participating districts about the provisions of this act.

16. Whenever any clean elections candidate makes, incurs, or authorizes an expenditure to finance a communication aiding or promoting the election of the candidate alone or in conjunction with another clean elections candidate who is a member of the same political party and seeking the office of member of the Senate or the office of member of the General Assembly from the same legislative district, or the defeat of such candidates' opponent or opponents, the communication shall include:

(a) in the case of radio, an audio statement in the candidate's own voice, or if in conjunction with another clean elections candidate in each candidate's own voice, that identifies the candidate, the office the candidate is seeking, and that the candidate has approved the communication; or

(b) in the case of television, the Internet or any other similar form of communication containing audio and visual images, a statement in the candidate's own voice, or if in conjunction with another clean elections candidate in each candidate's own voice, that identifies the candidate, the office the candidate is seeking, and that the candidate has approved the communication, that is either spoken by the candidate during an unobscured full-screen view of the candidate or through a voice-over by the candidate accompanied by a clearly identifiable photograph or similar image of the candidate that occupies at least eighty percent of the vertical screen height, and includes the candidate's statement at the end of the communication in clearly readable writing in letters equal to at least four percent of the vertical picture height and visible for at least four seconds, except that an Internet communication consisting of printed material only, with or without photographs, shall include the written statement described above; or

(c) in the case of any other form of communication, the communication shall include the written statement described in paragraph (b) above.

A clean elections candidate, alone or in conjunction with the any other clean elections candidate who is seeking nomination and election to the office of member of the Senate or the office of member of the General Assembly from the same legislative district, may include in any communication made pursuant to this section a statement that he or she is a clean elections candidate.

17. a. A candidate who has been denied certification by the commission as a clean elections candidate, or a person who opposes a candidate who has been certified as a clean elections candidate, may challenge a certification decision by the commission as follows.

A candidate or an opponent may appeal to the commission within three days of the decision to grant or deny a certification. The appeal shall be in writing and shall set forth the reasons for the appeal.

Within five days after an appeal is filed, the commission shall hold a hearing thereon after notice is given of the hearing to the challenger. The challenger has the burden of providing evidence to demonstrate that the decision of the commission to certify, or to deny certification of, the candidate was improper. The commission shall rule on the appeal within three days after the completion of the hearing.

A challenger may appeal to the Appellate Division of the Superior Court a decision on an appeal rendered by the commission pursuant to this section and the court shall hear the appeal and render a decision thereon in an expedited manner.

b. Any candidate whose certification by the commission is revoked as a result of an appeal to the Appellate Division of the Superior Court shall return to the commission for deposit into the fund any unspent moneys received to date from the fund.

c. If the commission or the court finds that an appeal was made frivolously or to cause delay or hardship, the commission or court may require the challenger to pay the expenses of the commission, the court and the challenged candidate, if any such expenses have been incurred.

18. The commission shall sponsor at least two interactive debates for the primary election and two interactive debates for the general election among the candidates participating in the pilot project established by this act. All clean elections candidates shall be required to participate in the debates. The manner in which such debates are conducted shall be determined by the commission, which shall also specify by rule or regulation the penalty a clean elections candidate shall incur for failure to participate in such a debate. All clean elections candidates shall be announced as to their certification and the meaning of that certification during the debate, in a manner to be determined by the commission. The commission shall invite and permit nonparticipating candidates to participate in the debates.

19. a. There is established a commission, to be known as the New Jersey Citizens' Clean Elections Commission, to consist of nine members. The Governor shall appoint one person who is a member of the public, and the Senate President and the Speaker of the General Assembly shall each appoint two persons, each of whom are

members of the public. No more than three of the public members shall be members of the same political party.

The Senate President shall appoint one member of the Senate, who shall be a member of the same political party as the Senate President. The Minority Leader of the Senate shall appoint one member of the Senate, who shall be a member of the same political party as the Minority Leader of the Senate. The Speaker of the General Assembly shall appoint one member of the General Assembly, who shall be a member of the same political party as the Speaker. The Minority Leader of the General Assembly shall appoint one member of the General Assembly, who shall be a member of the same political party as the Minority Leader of the General Assembly. A vacancy in the membership of the NJCCEC shall be filled in the same manner in which the original appointment was made.

b. The members of the NJCCEC shall be appointed no later than the 30th day following the date of enactment of P.L. , c. (pending before the Legislature as this bill). The members shall hold their organizational meeting no later than the 30th day following their appointment. The members shall elect one of the members to serve as chair and the chair may appoint a secretary, who need not be a member of the NJCCEC. The members of the NJCCEC shall serve without compensation, but shall be eligible for reimbursement for necessary and reasonable expenses incurred in the performance of their official duties within the limits of funds appropriated or otherwise made available to the NJCCEC.

c. The NJCCEC shall meet at the call of the chair. The NJCCEC shall elicit testimony from the public at such times and places as the chair shall designate. It shall hold at least three public hearings in different parts of the State in the 45 days following the 2007 primary election and shall hold at least three public hearings in different parts of the State following the general election. A meeting of the NJCCEC shall be called at the request of five of the NJCCEC's members and five members of the NJCCEC shall constitute a quorum at any meeting thereof.

d. It shall be the duty of the NJCCEC to:

(1) examine the experience, both positive and negative, of the New Jersey Fair and Clean Elections Pilot Project of 2007 with respect to the nomination and election of members of the General Assembly and Senate in 2007;

(2) determine the feasibility of establishing the New Jersey Fair and Clean Elections Pilot Project as the public financing system for candidates for nomination and election to the offices of member of the Senate and General Assembly in this State in elections for such offices held after 2007;

(3) examine the means by which to finance the New Jersey Fair and Clean Elections Pilot Project for candidates in this State after 2007; and

(4) consider such other matters relating to the issue of clean elections and campaign finance as the members of the NJCCEC may deem appropriate.

e. The NJCCEC shall be entitled to call to its assistance and avail itself of the services of the employees of any State, county, or municipal department, board, bureau, commission or agency, as it may require and as may be available for its purposes, and to employ stenographic and clerical assistance.

f. The NJCCEC shall:

(1) issue a preliminary report to the Legislature on the pilot project established by this act with respect to the 2007 primary and general election no later than the 90th day following the day of the general election; and

(2) issue a final report to the Legislature on its findings and recommendations relative to the pilot project with respect to the 2007 primary and general elections, including, but not limited to, any suggestions for changes in the project for future elections, no later than the 180th day following the day of the 2007 general election, and the final report may contain such legislation as prepared by the NJCCEC and recommended thereby for enactment.

20. a. (1) Any person, including any candidate, treasurer or other official associated with the campaign of a participating candidate or a clean elections, with the responsibility for the preparation, certification, filing or retention of any reports, records, notices or other documents in paper or electronic form, who fails, neglects or omits to prepare, certify, file or retain any such report, record, notice or document at the time or

during the time period, as the case may be, and in the manner prescribed by law, or who omits or incorrectly states or certifies any of the information required by law to be included in such report, record, notice or document, and any other person who in any way violates any of the provisions of this act, shall, in addition to any other penalty provided by law, be liable to a penalty of not more than \$6,000 for the first offense and not more than \$12,000 for the second and each subsequent offense. Upon receiving evidence of a violation, the commission shall use the procedure provided in section 22 of P.L.1973, c.83 (C.19:44A-22) for investigating the violation and assessing a penalty, if deemed appropriate.

(2) The fine imposed for a violation of paragraph (1) of this subsection shall, upon payment to the commission, be deposited in the fund.

b. Any individual found to have knowingly and willfully given any amount of money to another person for the purpose of having that other person give such money, or a part thereof, to a participating candidate as a seed money or qualifying contribution is guilty of a crime of the fourth degree.

c. (1) Any person, including any candidate, treasurer or other official associated with the campaign of a certified or participating candidate, who knowingly and willfully makes a false statement or files a false report, record, notice or document in paper or electronic form or so violates any other provision of this act is guilty of a crime of the third degree.

(2) If an individual is found to be in violation of paragraph (1) of this subsection, the candidate shall remit in an expedited manner to the commission for deposit into the fund all moneys distributed to the candidate since he or she became certified for the election cycle in which the offense occurred.

d. Any participating candidate who files a report found to be in violation of section 8 of this act shall be disqualified as a candidate for the public office sought or shall forfeit office if elected.

21. The commission shall promulgate such rules and regulations as it deems necessary to implement the provisions of this act. These rules and regulations shall include, but not be limited to, procedures for obtaining seed money and qualifying

contributions, obtaining certification as a clean elections candidate, the distribution of fund moneys to clean elections candidates, the return of unspent distributed fund monies from clean elections candidates, the electronic filing of campaign reports, and such other matters delegated to it or required of it by this act.

22. There is appropriated from the General Fund to the Election Law Enforcement Commission \$600,000 to effectuate the public information requirements in subsection b. of section 15 of this act, and \$75,000 to effectuate the voter's guide requirements in subsection c. of section 15 of this act. There is appropriated from the General Fund to the Department of the Treasury for deposit into the New Jersey Fair and Clean Elections Fund, established pursuant to section 5 of this act, \$8,320,000 for the other purposes of this act. Upon notice by the commission, the Legislature shall appropriate from the General Fund such additional sums as may be required to carry out the purposes of this act if the sums first appropriated become inadequate.

23. Notwithstanding the provisions of section 21 of P.L.2004, c.121, section 17 of that act shall expire on the date of enactment of P.L. , c. (pending before the Legislature as this bill).

24. This act shall take effect immediately, except that:

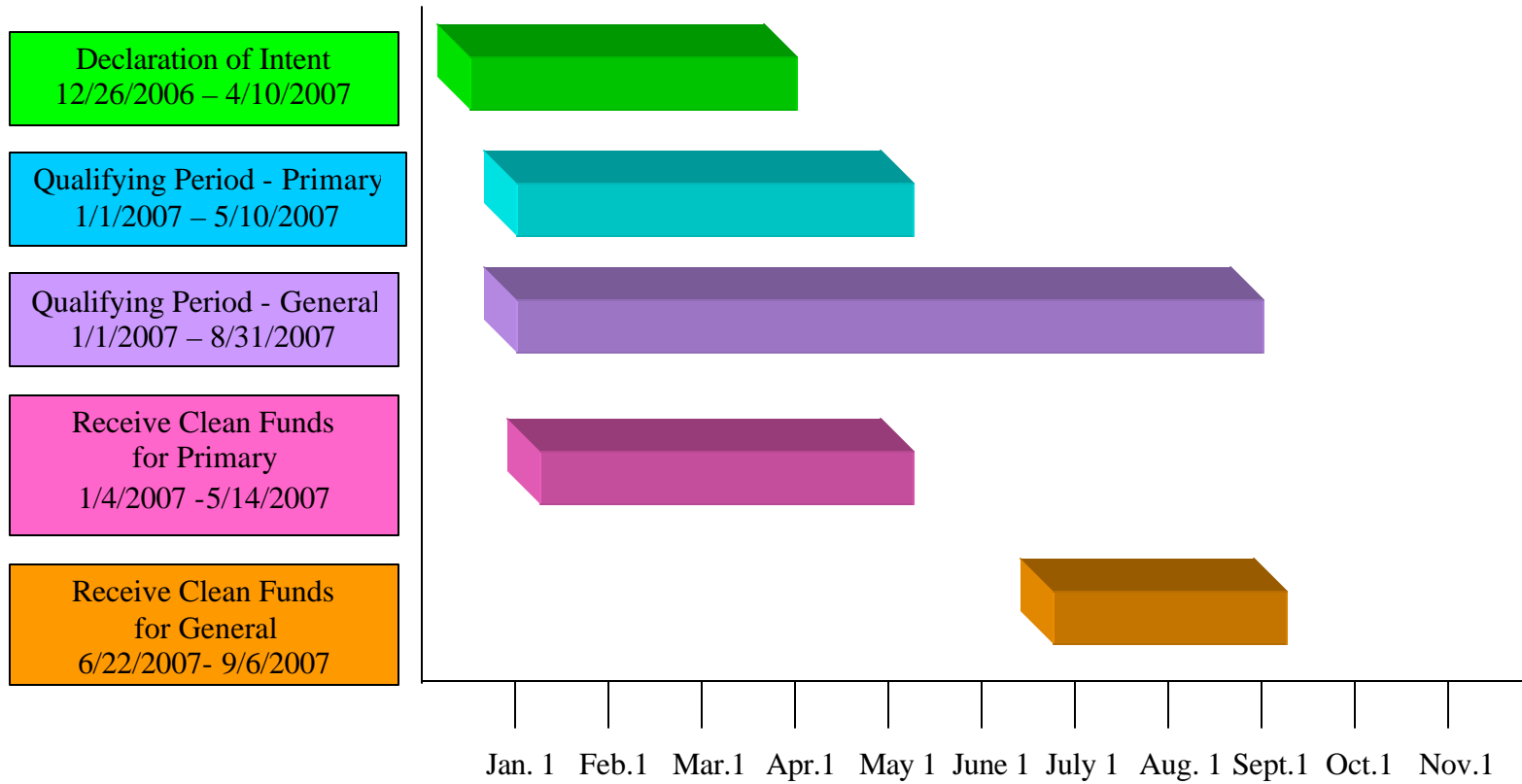
a. sections 1 through 18 and sections 20 through 21 shall expire on the day the NJCCEC issues its final report; and

b. section 19 shall expire on the 180th day following the day the NJCCEC issues its final report.

Creates the "New Jersey Fair and Clean Elections Pilot Project of 2007"; appropriates \$8.995 million.

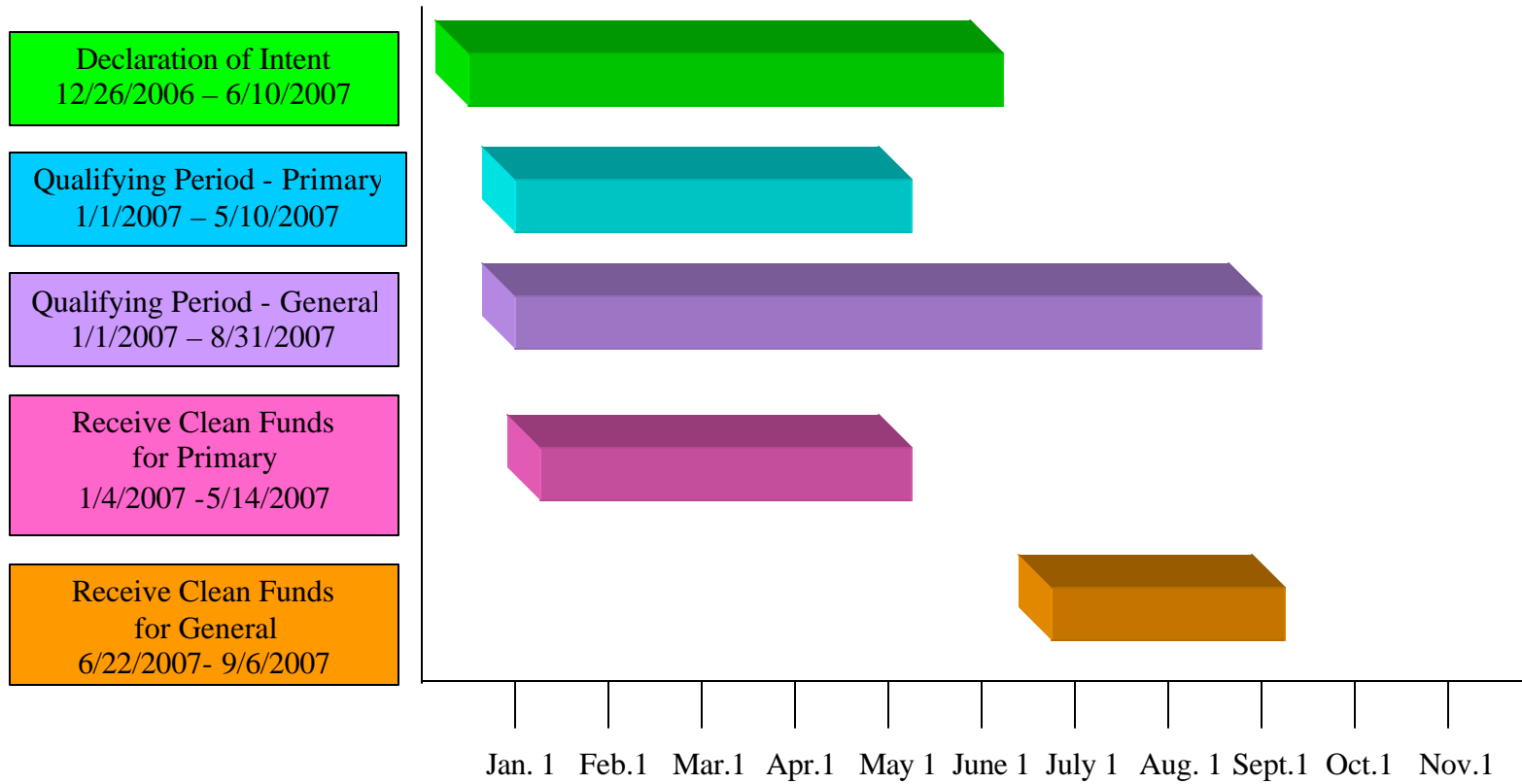
Appendix 1

2007 Clean Elections Timeline for a Major Party Candidate



Appendix 2

2007 Clean Elections Timeline for a Direct Petition Candidate



Appendix 3

Public Funding for Clean Elections Candidates

Primary Election

General Election

	Clean Fund Allotment	Forfeiture Money	Maximum Funding	Independent Expenditure	Maximum Funding If Unopposed	Clean Fund Allotment	Forfeiture Money	Rescue Money	Maximum Funding	Independent Expenditure	Maximum Funding if Unopposed
Senate and Assembly Candidates	\$60,000	\$60,000	\$120,000	\$60,000	\$30,000	\$100,000	\$100,000	\$100,000	\$300,000	\$100,000	\$50,000

Appendix 4

Major Party Registration Analysis by Legislative District, November 2004

Dist. #	Total Registered Voters	Party Voters Total Registered as D & R	% Party Registered	Total Registered as D	D's as % of Registered Party Voters	Total Registered as R	R's as % of Registered Party Voters	Spread Diff. in % betw. R & D Voters	Party Favored by Spread
1	136,959	65,740	48.0%	22,598	34.4%	43,142	65.6%	31.2%	R
2	130,134	55,567	42.7	25,636	46.1	29,931	53.9	7.8	R
3	134,200	56,900	42.4	33,818	59.4	23,082	40.6	18.8	D
4	132,735	55,881	42.1	36,369	65.1	19,512	34.9	30.2	D
5	121,942	49,142	40.3	39,265	79.9	9,877	20.1	59.8	D
6	145,497	56,453	38.8	37,829	67.0	18,624	33.0	34.0	D
7	128,928	53,763	41.7	34,553	64.3	19,210	35.7	28.6	D
8	142,910	56,592	39.6	23,437	41.4	33,155	58.6	17.2	R
9	160,179	63,431	39.6	24,988	39.4	38,443	60.6	21.2	R
10	138,630	47,966	34.6	18,022	37.6	29,944	62.4	24.8	R
11	134,726	50,118	37.2	24,251	48.4	25,867	51.6	3.2	R
12	143,139	48,381	33.8	24,906	51.5	23,475	48.5	3.0	D
13	139,965	47,028	33.6	23,654	50.3	23,374	49.7	0.6	D
14	134,882	49,502	36.7	31,023	62.7	18,479	37.3	25.4	D
15	112,965	44,621	39.5	32,195	72.7	12,426	27.8	44.9	D
16	121,733	45,042	37.0	14,730	32.7	30,312	67.3	34.6	R
17	111,367	36,862	33.1	27,730	75.2	9,132	24.8	50.4	D
18	119,136	44,438	37.3	30,380	68.4	14,058	31.6	36.8	D
19	112,829	46,485	41.2	37,459	80.6	9,026	19.4	61.2	D
20	92,801	45,936	29.5	37,545	81.8	8,352	18.2	63.6	D

Dist. #	Total Registered Voters	Party Voters Total Registered as D & R	% Party Registered	Total Registered as D	D's as % of Registered Party Voters	Total Registered as R	R's as % of Registered Party Voters	Spread Diff. in % betw. R & D Voters	Party Favored by Spread
21	145,243	62,164	42.8%	24,,837	40.0%	37,327	60.0%	20.0%	R
22	112,273	49,063	43.7	34,580	70.5	14,483	29.5	41.0	D
23	139,684	61,461	44.0	18,718	30.5	42,743	69.5	39.0	R
24	131,048	57,399	43.8	12,974	22.6	44,425	77.4	54.8	R
25	135,979	59,831	44.0	20,805	34.8	39,026	65.2	30.4	R
26	139,436	59,958	43.0	17,848	29.8	42,110	70.2	40.4	R
27	124,893	59,699	47.8	42,589	71.3	17,110	28.7	42.6	D
28	109,049	47,872	43.9	38,821	81.1	9,051	18.9	62.2	D
29	93,230	42,606	45.7	38,597	90.6	4,009	9.4	81.2	D
30	129,994	45,108	34.7	17,419	38.6	27,689	61.4	22.8	R
31	109,166	53,600	49.1	46,832	87.4	6,768	12.6	74.8	D
32	96,063	50,914	53.0	42,460	83.4	8,454	16.6	66.8	D
33	104,856	53,477	51.0	44,040	82.4	9,437	17.6	64.8	D
34	112,783	49,738	44.1	38,121	76.6	11,617	23.4	53.2	D
35	103,475	38,390	37.1	24,317	63.3	14,073	36.7	26.6	D
36	106,001	38,902	36.7	23,320	59.9	15,582	40.1	19.8	D
37	117,131	46,969	40.1	32,445	69.1	14,524	30.9	38.2	D
38	123,175	47,915	38.9	28,946	60.4	18,969	39.6	20.8	D
39	141,015	57,534	40.8	22,562	39.2	34,972	60.8	21.6	R
40	138,989	57,819	41.6	21,265	36.8	36,554	63.2	26.4	R

The information listed above was prepared by Luke E. Wolff, Assistant Research Analyst, New Jersey Office of Legislative Services on April 19, 2006. The data was compiled from the "2005 New Jersey Legislative District Data Book," and statistical information released by the New Jersey Division of Elections.

Appendix 5

Major Party Voting Analysis by Legislative District, 2005 and 2003 Assembly Candidates

2005						2003				
Dist. #	Total D& R Vote	D Vote as % of Total D & R Vote	R Vote as % of Total D & R Vote	Spread Diff. in % Between D & R	Party Favored by Spread	Total D& R Vote	D Vote as % of Total D & R Vote	R Vote as % of Total D & R Vote	Spread Diff. in % Between D & R	Party Favored by Spread
1	115,543	63.9%	36.1%	27.8%	D	91,718	48.6%	51.4%	2.8%	R
2	106,811	52.6	47.4	5.2	D	76,268	37.0	63.0	26.0	R
3	118,041	59.8	40.2	19.6	D	103,413	52.5	47.5	5.0	D
4	100,429	63.7	36.3	27.4	D	81,498	54.3	45.7	8.6	D
5						66,500	63.0	37.0	26.0	D
6	122,124	59.9	40.1	19.8	D	90,789	59.5	40.5	19.0	D
7	110,403	65.0	35.0	30.0	D	84,547	52.3	47.7	4.6	D
8	125,816	41.8	58.2	16.4	R	81,805	33.6	66.4	32.8	R
9	149,049	37.9	62.1	24.2	R	108,932	38.6	61.4	22.8	R
10	125,351	35.7	64.3	28.6	R	87,512	35.6	64.4	28.8	R
11	121,203	48.3	51.7	3.4	R	73,075	36.9	63.1	26.2	R
12	122,513	49.5	50.5	1.0	R	88,091	53.2	46.8	6.4	D
13	109,333	46.3	53.7	7.4	R	79,562	49.1	50.9	1.8	R
14	132,856	49.5	50.5	1.0	R	97,253	47.5	52.5	5.0	R
15	91,914	68.2	31.8	36.4	D	66,342	63.6	36.4	27.2	D
16	124,712	36.0	64.0	28.0	R	75,936	31.4	68.6	37.2	R
17	87,074	66.4	33.6	32.8	D	53,293	60.2	39.8	20.4	D
18	102,593	59.9	40.1	19.8	D	60,917	56.3	43.7	12.6	D
19	83,298	66.4	33.6	32.8	D	66,930	59.3	40.7	18.6	D
20						38,387	62.7	37.3	25.4	D

2005

2003

Dist. #	Total D & R Vote	D Vote as % of Total D & R Vote	R Vote as % of Total D & R Vote	Spread Diff. in % Between D & R	Party Favored by Spread	Total D & R Vote	D Vote as % of Total D & R Vote	R Vote as % of Total D & R Vote	Spread Diff. in % Between D & R	Party Favored by Spread
21	137,786	41.3%	58.7%	17.4%	R	90,029	39.6%	60.4%	20.8%	R
22	93,093	62.6	37.4	25.2	D	57,646	58.2	41.8	16.4	D
23	131,248	38.8	61.2	22.5	R	84,434	38.8	61.2	22.4	R
24	110,904	33.3	66.7	33.3	R	70,891	32.9	67.1	34.2	R
25	114,185	45.1	54.9	9.9	R	79,554	40.5	59.5	19.0	R
26	116,653	40.0	60.0	20.0	R	63,930	35.1	64.9	29.8	R
27	102,986	67.0	33.0	34.0	D	50,443	64.2	35.8	28.4	D
28	67,668	79.7	20.3	59.4	D	26,010	73.6	26.4	47.2	D
29	53,643	89.3	10.7	78.6	D	20,157	83.3	16.7	66.6	D
30	111,368	35.3	64.7	29.4	R	77,230	35.4	64.6	29.2	R
31	63,931	80.0	20.9	59.1	D	36,951	83.5	16.5	67.0	D
32	65,325	78.4	21.6	56.7	D	42,470	80.5	19.5	61.0	D
33	71,336	81.2	18.8	62.4	D	50,337	83.5	16.5	67.0	D
34						51,427	66.4	33.6	32.8	D
35	67,993	69.3	30.7	38.6	D	44,757	64.7	35.3	29.4	D
36	82,064	62.5	37.5	25.0	D	63,716	49.6	50.4	0.8	R
37	99,228	71.4	28.6	42.8	D	69,476	66.2	33.8	32.4	D
38	106,198	60.5	39.5	21.0	D	76,818	55.2	44.8	10.4	D
39	132,682	45.0	55.0	10.0	R	96,191	34.6	65.4	30.8	R
40	120,626	38.8	61.2	22.4	R	72,989	34.5	65.5	31.0	R

The information listed above was prepared by Luke E. Wolff, Assistant Research Analyst, New Jersey Office of Legislative Services on April 19, 2006. The data was compiled from statistical information released by the New Jersey Division of Elections.

Appendix 6

Competitiveness Index Used by NJCCEC⁴

Dist. #	2005 Spread Diff. in % Between D & R	2005 Party Favored by Spread	2003 Spread Diff. in % Between D & R	2003 Party Favored by Spread	Average 2005 and 2003 Spread	Average Party Favored
1	27.8	D	2.8	R	12.5	D
2	5.2	D	26.0	R	10.4	R
3	19.6	D	5.0	D	12.3	D
4	27.4	D	8.6	D	18.0	D
5			26.0	D	26.0	D
6	19.8	D	19.0	D	19.4	D
7	30.0	D	4.6	D	17.3	D
8	16.4	R	32.8	R	24.6	R
9	24.2	R	22.8	R	23.5	R
10	28.6	R	28.8	R	28.7	R
11	3.4	R	26.2	R	14.8	R
12	1.0	R	6.4	D	2.7	D
13	7.4	R	1.8	R	4.6	R
14	1.0	R	5.0	R	3.0	R
15	36.4	D	27.2	D	31.8	D
16	28.0	R	37.2	R	32.6	R
17	32.8	D	20.4	D	26.6	D
18	19.8	D	12.6	D	16.2	D
19	32.8	D	18.6	D	25.7	D
20			25.4	D	25.4	D

⁴ Districts shaded in gray, which have an average 2005 and 2003 spread of less than 22%, are potential 2007 clean elections districts. Districts 6 and 13 will be selected automatically.

Dist. #	2005 Spread Diff. in % Between D & R	2005 Party Favored by Spread	2003 Spread Diff. in % Between D & R	2003 Party Favored by Spread	Average 2005 and 2003 Spread	Average Party Favored
21	17.4	R	20.8%	R	19.1	R
22	25.2	D	16.4	D	20.8	D
23	22.5	R	22.4	R	22.5	R
24	33.3	R	34.2	R	33.8	R
25	9.9	R	19.0	R	14.5	R
26	20.0	R	29.8	R	24.9	R
27	34.0	D	28.4	D	31.2	D
28	59.4	D	47.2	D	53.3	D
29	78.6	D	66.6	D	72.6	D
30	29.4	R	29.2	R	29.3	R
31	59.1	D	67.0	D	63.1	D
32	56.7	D	61.0	D	58.9	D
33	62.4	D	67.0	D	64.7	D
34			32.8	D	32.8	D
35	38.6	D	29.4	D	34.0	D
36	25.0	D	0.8	R	12.1	D
37	42.8	D	32.4	D	37.6	D
38	21.0	D	10.4	D	15.7	D
39	10.0	R	30.8	R	20.4	R
40	22.4	R	31.0	R	26.7	R

Appendix 7

Average Spent in Primary and General Elections

Average Amount Spent Per District in the 2003 Primary and General Elections

District	Primary	General
1	\$ 51,180.61	\$ 278,312.22
2	\$ 114,155.64	\$ 159,566.03
3	\$ 194,084.29	\$ 655,805.11
4	\$ 48,996.78	\$ 1,048,805.25
5	\$ 109,458.39	\$ 111,712.38
6	\$ 86,767.02	\$ 128,053.65
7	\$ 35,492.84	\$ 279,955.51
8	\$ 64,318.33	\$ 100,548.13
9	\$ 5,619.71	\$ 39,784.14
10	\$ 65,458.02	\$ 72,919.31
11	\$ 51,370.75	\$ 58,406.79
12	\$ 131,133.08	\$ 516,671.40
13	\$ 132,657.19	\$ 128,996.13
14	\$ 53,969.75	\$ 562,539.28
15	\$ 62,117.58	\$ 72,143.33
16	\$ 64,048.68	\$ 97,299.23
17	\$ 46,825.14	\$ 232,684.93
18	\$ 81,833.53	\$ 94,364.63
19	\$ 224,678.11	\$ 181,777.56
20	\$ 96,717.48	\$ 128,748.32
21	\$ 49,009.37	\$ 64,264.38
22	\$ 86,585.99	\$ 126,404.05
23	\$ 40,211.90	\$ 30,222.96
24	\$ 98,562.33	\$ 68,669.55
25	\$ 98,674.94	\$ 274,787.38
26	\$ 198,399.67	\$ 88,360.81
27	\$ 103,956.93	\$ 172,250.60
28	\$ 87,634.61	\$ 16,868.82
29	\$ 108,801.20	\$ 92,655.79
30	\$ 56,258.16	\$ 85,559.31
31	\$ 269,957.25	\$ 34,400.60
32	\$ 75,127.48	\$ 78,025.78
33	\$ 84,579.52	\$ 74,775.80
34	\$ 102,603.15	\$ 127,492.51
35	\$ 30,608.62	\$ 87,436.29
36	\$ 130,369.09	\$ 546,064.58
37	\$ 77,378.34	\$ 203,574.79
38	\$ 70,231.96	\$ 620,458.58
39	\$ 53,359.12	\$ 126,981.52
40	\$ 71,527.23	\$ 52,489.44

Note: These amounts were calculated by first obtaining the total spent by each Senate and Assembly candidate from all campaign reports submitted by each candidate, including independent candidates who filed contribution and expenditure reports. The total amounts spent by each candidate were then added in each legislative district and divided by the number of candidates who submitted contribution and expenditure reports to obtain the average spent per candidate in each of the 40 districts.

*Average Amount Spent Per District by Major Party Candidates
in the 2005 General Election*

District	General
1	\$ 286,584.29
2	\$ 1,252,679.18
11	\$ 435,622.04
18	\$ 70,575.23
36	\$ 361,871.26
38	\$ 158,721.63

Source: New Jersey Election Law Enforcement Commission, April 2006