



ELEC-TRONIC

An Election Law Enforcement Commission Newsletter

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"Furthering the Interest of an Informed Citizenry"

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Website:

www.elec.state.nj.us

Comments from the Chairman Ronald DeFilippis

This month's column will deal with how candidates, political party entities, and PACs should handle loans made to their campaigns and committees.

First, a loan received by a candidate's committee, joint candidate's committee, political committee, continuing political committee (PAC), political party committee, or legislative leadership committee is treated as a contribution by the individual or entity making the loan.

In the event the loan is issued in the normal course of business from a bank or lending institution, the person or entity guaranteeing or co-signing the loan is deemed the contributor.

This provision holds whether or not the candidate himself or herself has guaranteed the loan.

Likewise, a loan made from an individual's personal account must be treated as a contribution from the individual making the loan.

While it is an unlikely scenario, in that by law banks are not permitted to make campaign contributions, an unsecured loan from a bank is considered a contribution from the bank.

Specifically, N.J.S.A. 19:34-45 reads:

No corporation carrying on the business of a bank, savings bank, co-operative bank, trust . . . shall pay or contribute money or thing of value in order to aid or promote the nomination or election of any person, or in order to aid or promote the interests, success or defeat of any political party.

In addition to the above, any obligation by a contributor to pay for goods or services of which the candidate or committee has an obligation to repay, is to be reported as a contribution and disclosed as an outstanding obligation.

Except for loans by candidates to their campaigns, which are unlimited, all loans are subject to contribution limits and will remain as contributions until the loan is repaid. All loans are reportable at the time they are received.

Finally, a contribution made by the candidate to his or her campaign is treated as a contribution. It cannot be repaid unless it is reported as an obligation owed to the candidate. This disclosure must be made at the time the contribution is received.

Failing to report a contribution from the candidate to his or her campaign as a loan will preclude the campaign from re-characterizing the contribution as a loan in amended reports.

Questions regarding the reporting of a loan can be addressed to the Commission's Compliance staff by calling ELEC's toll free number at 1-888-313 (ELEC) 3532.

Training Seminars and Lobbying Reporting Dates

The seminars listed below will be held at the Offices of the Commission, located at 28 West State St., Trenton, NJ. Please visit ELEC's website at www.elec.state.nj.us for more information on training seminar registration.

PAY-TO-PLAY		
September 18, 2015		10:00 a.m.
November 16, 2015		2:00 p.m.
TREASURER TRAINING FOR CANDIDATES AND JOINT CANDIDATES COMMITTEES		
September 17, 2015		10:00 a.m.
September 29, 2015		10:00 a.m.
TREASURER TRAINING FOR POLITICAL PARTY COMMITTEES AND PACS		
September 15, 2015		10:00 a.m.
December 16, 2015		10:00 a.m.
R-1 ELECTRONIC FILING SOFTWARE (REFS) TRAINING		
September 24, 2015		10:00 a.m.
September 30, 2015		10:00 a.m.
LOBBYING REPORTING DATES		
Quarterly Filing	Inclusion Dates	ELEC Due Date
3 rd Quarter	7/1/2015 - 9/30/2015	10/13/ 2015
4 th Quarter	10/1/2015-12/31/2015	1/11/2016

Executive Director's Thoughts Jeff Brindle

U.S. Supreme Court Case could make some Legislative Districts more Competitive

Reprinted from politickernj.com

The U.S. Supreme Court this fall will hear a doozy of a case that could upend the way congressional and state legislative redistricting is done.

It could be the most important redistricting case since Reynolds vs. Sims, a 1964 landmark ruling that, for the first time, waded into historically political territory by establishing the principle of "one man, one vote."

Declaring "malapportionment" to be unconstitutional, the Court 51 years ago stated that congressional and legislative districts should be the same size in terms of population, insuring that every person's vote counts equally.

Subsequently, the Supreme Court heard a series of cases, the most well-known being Baker vs. Carr, which decided that redistricting was not just a political question and could be reviewed by the Courts.

Now, the Court will take another step into this political minefield by hearing Evenwel vs. Abbott.

The case involves the manner by which Texas' 31 senatorial districts were configured after the 2010 census.

In establishing the district map, the State of Texas relied on the tried and true method of creating legislative districts on the basis of total population.

Sue Evenwel and Edwin Pfenninger are challenging this method of redrawing district maps. They maintain that basing redistricting on total population waters-down their vote.

Plaintiffs argue that the proper formula for reconfiguring districts every ten years should be based on "voting eligible population" (VEP) and not on total population.

Their contention is that the votes of individuals in districts with large numbers of non-citizens and children, who can't vote, count more than those of voters in districts with more eligible voters.

For example, while senatorial districts in Texas contain about 811,000 people, eligible voters in Evenwel's suburban district number 584,000. In a neighboring urban district 372,000 people are eligible to vote.

Therefore, Evenwel and Pfenninger maintain that the present redistricting formula violates the principle of "one-man, one-vote."

If the U.S. Supreme Court were to declare unconstitutional the current redistricting formula based on total population, how would New Jersey be affected?

Currently, the state's legislative districts, based on total population, contain approximately 220,000 people.

There are an estimated 6,007,976 eligible voters in New Jersey. Dividing that number by 40 legislative districts, the new VEP districts would contain about 150,199 people.

A review of the state's 40 legislative districts indicates that the more urbanized, highly populated districts, in general, would have to substantially add voters to reach the 150,199 figure.

On the other hand, suburban and rural districts generally would either have to add a minimal number of voters, or, in some cases, give up voters.

As an example, district 32, which contains parts of Bergen and Hudson counties, would have to pick up 50,016 eligible voters to reach the required district size of 150,199.

Perhaps some of those voters would come from nearby district 27, containing parts of Morris and Essex, which would have to give up about 5,000 eligible voters to conform to the 150,199 requirement.

Basing district size on the VEP formula would surely shuffle the deck. How much would remain to be seen.

My guess is that employing this method would make four or five districts more competitive but would not substantially change the urban/suburban balance.

However, making even a few more districts competitive would likely drive up the amount of money spent on legislative elections in New Jersey.

In the current Super PAC climate, whereby spending by independent groups often dwarfs candidates and political parties, adding more competitive districts would undoubtedly increase independent spending in New Jersey. Most of this spending takes place in battle ground districts.

In 2013, independent spending reached \$41 million. Since that time, independent spending has filtered down to the local level, with over \$5 million spent in Newark's Mayoral election in 2014.

The U.S. Supreme Court will take up the Evenwel vs. Abbott case next October. There is an even chance that the Court will find the current approach toward redrawing districts on the basis of population to be unconstitutional.

Regardless of whether the Court finds for Evenwel, legislation should be enacted that requires disclosure by independent groups. The possibility that the current method of setting the size of legislative districts could be declared invalid makes reform all the more important.

Computer Overhaul Update

ELEC Computer Overhaul Progressing; Agency Project Will Come In Under Budget.

A plan to overhaul the aging computer network of the Election Law Enforcement Commission (ELEC) is steadily moving forward and will cost less than state officials budgeted for the project, according to Jeff Brindle, ELEC's Executive Director.

"We received a \$2 million appropriation last summer to complete the project. By July 31, we will return more than \$100,000 to the state treasurer," said Brindle.

He praised agency Information Technology staff led by Director Carol Neiman for their careful management of the project. Moving the project to this point also has involved a lot of hard work, he said.

“With cost overruns not uncommon in government, ELEC is planning to return money to the state’s coffers. That’s a major accomplishment we should all be proud of,” he said.

“At the same time, during the coming months, we not only should be operating more efficiently within the agency, but we will be providing improved services to the public, candidates, media members, policy makers and others who use our website,” he said.

ELEC is known nationally as one of the best disclosure agencies in the nation.

However, the previous document management program was more than 16 years old, had become obsolete and was posing increasing operational problems.

Brindle said the agency already has accomplished a major milestone- replacing the program, which enabled staff to scan, code and display documents submitted by candidates, parties, PACs and lobbyists.

The new program, which should be easier for staff to operate, provide better security and cost less to maintain, became active on July 24.

ELEC’s website was deemed the “Best Official New Jersey Web Site in 2010.”

But the agency isn’t resting on its laurels.

One of the first improvements most people will notice will come next spring when the agency will be unveiling a revamped website that should be easier to use.

ELEC already has started making some changes in recent years. For instance, ELEC is one of the few states where the public can search the contributions of local candidates.

People can now search easily for the reports of special interest groups who spend independently. Advisory opinions, Commission minutes and a chronology of major events dating back to its inception are now accessible on the website. More statistic information is available on gubernatorial and legislative campaigns.

Also, the website now contains press releases dating back to 1983. Recently, changes were made to make it

easier to find analytical and topical press releases. ELEC now is using social media like Twitter and Facebook to make people aware of its activities.

Once ELEC finishes overhauling its network by replacing older computer equipment and modernizing several critical programs, the stage will be set for 100 percent electronic filing by all candidates, parties, PACs and lobbyists.

ELEC has been gradually moving toward this point.

For instance, lobbyists have been e-filing annual reports since 2011. However, they still cannot file quarterly lobbying reports via the Internet.

Most gubernatorial and legislative candidates electronically submit their campaign finance reports and other candidates can do so voluntarily. Candidates, parties and PACs also can submit the most basic forms via the website.

But detailed contribution and expenditure reports cannot be submitted digitally by parties and PACs.

“ELEC’s goal is to have all filers doing so electronically by 2017,” Brindle said.

Full electronic filing will benefit the public because reports will be available sooner on the website, and information taken from those reports will become available via convenient website searches.

“For instance, the public currently can search contributions to candidates. But individuals can check only the expenses of gubernatorial candidates. In the future, the public will be able to do a quick search of all candidate expenses,” he said.

Information extracted from quarterly lobbying reports also will be available so people can see what bills or executive branch proposals are drawing the most attention, Brindle added.

Brindle offered his thanks to the offices of the Governor and Treasurer, and members of both parties in the Legislature, for supporting the \$2 million appropriation in state budget adopted in June 2014.

“BIG-SIX” 2ND QUARTER 2015

With voters set to decide who fills 80 state Assembly seats this fall, the “Big Six” fundraising committees have built up a combined cash reserve of \$2.2 million, according to an analysis by the New Jersey Election Law Enforcement Commission (ELEC).

The combined cash reserves of the Big Six are \$536,768, or 33 percent, more than the \$1.6 million reported in April. But the total continues to lag four previous election years dating back to 2007.

**TABLE 1
CAMPAIGN FINANCE ACTIVITY BY “BIG SIX”
AT END OF SECOND QUARTER BY YEAR**

BOTH PARTIES	RAISED	SPENT	CASH-ON-HAND	NET WORTH*	STATE ELECTIONS
2007	\$5,776,859	\$2,328,316	\$8,015,277	\$7,911,808	Senate and Assembly
2008	\$3,438,622	\$2,238,356	\$1,577,591	\$ 918,612	
2009	\$3,653,103	\$1,811,223	\$3,682,236	\$3,548,060	Governor and Assembly
2010	\$2,175,742	\$1,637,673	\$1,835,526	\$1,666,742	
2011	\$3,684,467	\$1,915,020	\$3,329,478	\$3,051,770	Senate and Assembly
2012	\$2,988,610	\$2,590,387	\$1,426,366	\$1,193,221	
2013	\$3,382,737	\$1,874,081	\$3,189,889	\$3,093,711	Governor and Both Houses
2014	\$1,276,109	\$1,319,714	\$ 800,994	\$ 287,246	
2015	\$2,476,599	\$1,983,389	\$2,160,318	\$1,624,601	Assembly

*Net worth is cash-on-hand adjusted for debts owed to or by the committee.

Jeff Brindle, ELEC’s Executive Director, said one reason cash reserves and fundraising may be lower than in other recent election years is because, for the first time since 1999, only the state Assembly is facing reelection.

“The fact that state Assembly members are alone on the ballot this fall probably does account for some of the drop-off,” he said. “However, fundraising by the “Big Six” committees has been on a gradual decline for several years due to tight contribution limits on state contractors, fewer checks from wealthy donors, and the fact that many special interest groups now are spending their money independently of parties and candidates.”

“Cash reserves at this point in 2007 were four times larger than this year. And the Big Six committees that year had raised more than twice as much money during the first six months of the year,” Brindle said. “Clearly, there is more going on than just the fact that the 40 state Senate seats are not in contention this fall.”

Brindle said several recommendations set forth by ELEC on a bipartisan basis may help reverse the downward trend.

These include combining the maze of so-called “pay-to-play” contribution restrictions into a single law, allowing public contractors to make larger contributions particularly to parties, adjusting other contribution limits higher for inflation, and making independent special interest groups follow the same disclosure laws as parties and candidates.

For the first six months of the year, the three Republican committees raised and spent more than the three Democratic committees and reported larger cash reserves, Brindle said.

**TABLE 2
FUNDRAISING BY "BIG SIX" COMMITTEES
JANUARY 1 THROUGH JUNE 30, 2015**

REPUBLICANS	RAISED	SPENT**	CASH-ON-HAND	NET WORTH*
New Jersey Republican State Committee	\$ 563,188	\$ 788,177	\$ 328,560	(-\$ 111,665)
Senate Republican Majority	\$ 173,024	\$ 44,870	\$ 346,242	\$ 346,242
Assembly Republican Victory	\$ 581,308	\$ 240,918	\$ 563,220	\$ 557,910
Sub Total-Republicans	\$1,317,520	\$1,073,965	\$1,238,022	\$ 792,487
DEMOCRATS				
New Jersey Democratic State Committee	\$ 412,692	\$ 447,466	\$ 140,877	\$ 101,134
Senate Democratic Majority	\$ 126,564	\$ 135,862	\$ 170,476	\$ 150,476
Democratic Assembly Campaign Committee	\$ 619,823	\$ 326,096	\$ 610,943	\$ 580,504
Sub Total-Democrats	\$1,159,079	\$ 909,424	\$ 922,296	\$ 832,114
Total-Both Parties	\$2,476,599	\$1,983,389	\$2,160,318	\$1,624,601

*Net worth is cash-on-hand adjusted for debts owed to or by the committee.

**Some spending totals exceed fundraising totals because cash reserves were used as well as recent contributions.

"However, among the two leadership committees that will be most active in this fall's election, the Democratic Assembly Campaign Committee so far has outdistanced the Assembly Republican Victory committee for the first six months," he said. "The Republican committee did raise more money during the most recent quarter- \$439,860 versus \$308,763 for the Democratic committee."

State Parties and Legislative Leadership Committees are required to report their financial activity to the Commission on a quarterly basis. The reports are available on ELEC's website at www.elec.state.nj.us. ELEC also can be accessed on Facebook (www.facebook.com/NJElectionLaw) and Twitter (www.twitter.com/elecny).



2015 REPORTING DATES

		<i>Inclusion Dates</i>	<i>Report Due Date</i>
Fire Commissioner - 2/21/2015			
29-day pre-election		Inception of campaign* - 1/20/15	1/23/2015
11-day pre-election		1/21/15 - 2/7/15	2/10/2015
20-day post-election		2/8/15 - 3/10/15	3/13/2015
48 Hour Notice Reports Start on 2/8/2015 through 2/21/2015			
School Board Election - 4/21/2015			
29-day pre-election		Inception of campaign* - 3/20/15	3/23/2015
11-day pre-election		3/21/15 - 4/7/15	4/10/2015
20-day post-election		4/8/15 - 5/8/15	5/11/2015
48 Hour Notice Reports Start on 4/8/2015 through 4/21/2015			
May Municipal Election - 5/12/2015			
29-day pre-election		Inception of campaign* - 4/10/15	4/13/2015
11-day pre-election		4/11/15 - 4/28/15	5/1/2015
20-day post-election		4/29/15 - 5/29/15	6/1/2015
48 Hour Notice Reports Start on 4/29/2015 through 5/12/2015			
Runoff (June)** - 6/9/2015			
29-day pre-election		No Report Required for this Period	
11-day pre-election		4/29/15 - 5/26/15	5/29/2015
20-day post-election		5/27/15-6/26/15	6/29/2015
48 Hour Notice Reports Start on 5/27/2015 through 6/9/2015			
Primary Election*** - 6/2/2015			
29-day pre-election		Inception of campaign* - 5/1/15	5/4/2015
11-day pre-election		5/2/15 - 5/19/15	5/22/2015
20-day post-election		5/20/15 - 6/19/15	6/22/2015
48 Hour Notice Reports Start on 5/20/2015 through 6/2/2015			
90 Day Start Date: 3/4/2015			
General Election*** - 11/3/2015			
29-day pre-election		6/20/15 - 10/2/15	10/5/2015
11-day pre-election		10/3/15 - 10/20/15	10/23/2015
20-day post-election		10/21/15 - 11/20/15	11/23/2015
48 Hour Notice Reports Start on 10/21/2015 through 11/3/2015			
Runoff (December)** - 12/8/2015			
29-day pre-election		No Report Required for this Period	
11-day pre-election		10/21/15 - 11/24/15	11/27/2015
20-day post-election		11/25/15 - 12/25/15	12/28/2015
48 Hour Notice Reports Start on 11/25/2015 through 12/8/2015			
PACs, PCFRs & Campaign Quarterly Filers			
1 st Quarter		1/1/15 - 3/31/15	4/15/2015
2 nd Quarter****		4/1/15 - 6/30/15	7/15/2015
3 rd Quarter		7/1/15 - 9/30/15	10/15/2015
4 th Quarter		10/1/15 - 12/31/15	1/15/2016

* Inception Date of Campaign (first time filers) or from January 1, 2015 (Quarterly filers).

** A candidate committee or joint candidates committee that is filing in a 2015 Runoff election is not required to file a 20-day post-election report for the corresponding prior election (May Municipal or General).

*** Form PFD-1 is due on April 9, 2015 for Primary Election Candidates and June 12, 2015 for Independent General Election Candidates.

**** A second quarter report is needed by Independent/Non-Partisan General Election candidates if they started their campaign before 5/5/2015.