



ELEC tronic

An Election Law Enforcement Commission Newsletter

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Comments from the Chairman

Eric H. Jaso

Reporting Requirements for New Jersey Public Contractors

New Jersey's "Pay to Play" law requires contractors who are paid more than \$50,000 by New Jersey public entities to file annual disclosure statements with ELEC. This year, they were due on March 30.

Once published, the public can access information from these statements at www.elec.state.nj.us/.

For each job, public contractors are required to disclose:

1. The name of the public entity;
2. The amount of money received from the public entity;
3. The date of each contract and information to identify the specific contract with the governmental entity; and

4. A description of the goods, services, or equipment provided or properly sold to the public entity.

Public contractors must also disclose:

1. Any political candidate, candidate committee or joint candidates' committee to whom they contributed;
2. The address of the committee; and
3. The date and amount of the contribution.

Additionally, contractors must disclose the same information for any contributions made to political parties, legislative leadership committees, political committees, and PACs.

Even if a contractor made no political contributions during the past year but nevertheless received \$50,000 or more in public contracts, the contractor is required to file a form stating that no contributions were made.

Following the disclosure of business entity reports, the Commission will publish an analytical press release summarizing public contractor activity reported for calendar year 2017.

In 2016, public contractors made \$8.1 million in contributions and received \$8.6 billion in contracts from public entities.

Training Seminars Reminder

For more information, please visit ELEC's website at www.elec.state.nj.us/.

CAMPAIGN TRAINING SEMINAR	
April 3, 2018	10:00 a.m.
April 17, 2018	10:00 a.m.
September 12, 2018	10:00 a.m.
October 2, 2018	10:00 a.m.
PAC (CPC/PPC) TRAINING SEMINAR	
June 14, 2018	10:00 a.m.
September 25, 2018	10:00 a.m.
October 4, 2018	10:00 a.m.
REFS (R-1) ELECTRONIC FILING TRAINING SEMINAR	
July 19, 2018	10:00 a.m.

"Furthering the Interest of an Informed Citizenry"

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Executive Director's Thoughts

Jeff Brindle

Strengthen Political Parties to Offset Increased Spending by Independent Groups

Reprinted from pressofatlanticcity.com

In four legislative elections since 2011, so-called dark-money groups drilled down with more than \$3.7 million in independent spending in the 2nd Legislative District.

With the 2nd District among the most competitive in the state, that figure would have been tops in the state among legislative districts if not for \$14 million spent by dark-money groups in neighboring 3rd District this past November.

Dark money is campaign funding whose source isn't required to be disclosed, although it often is. Dark-money groups are independent committees operated by special interests outside the control of parties or candidates. They are often anonymous, not regulated by state law, and often exempt from disclosing their activities.

Seventeen Atlantic county communities, including Atlantic City, comprise the 2nd District. Attesting to its competitiveness, the district is represented by state Sen. Chris Brown, a Republican, and Democratic Assemblymen Vince Mazzeo and John Armato.

If history is a guide, this district will continue to be highly competitive, a

sure invitation to significant, if not overwhelming, dark money involvement in the future.

What has occurred in the 2nd District reflects statewide trends at all levels of government.

For instance, between the state elections of 2005 and 2017, dark-money spending grew by more than 11,000 percent. From \$411,224 in 2005 dark-money independent spending climbed to \$47.5 million in 2017. In comparison, state and county parties spent \$48 million in 2005 and \$26 million 2017, a complete reversal of fortune.

The local level of government has not escaped the onslaught of dark money either.

In 2013 a federal super PAC spent \$176,116 on the Elizabeth School Board race while dark-money interests spent \$251,629 in Jersey City's mayoralty contest. A total \$5.5 million was spent in 2014 in Newark's mayoralty race and in 2015 a Washington, D.C.,-based super PAC participated in Parsippany's primary election.

While this was happening, spending by municipal party committees was declining. Municipal parties throughout the state spent \$8.8 million in 2007 yet only \$4.4 million in 2017.

Back home in the 2nd legislative district dark-money groups spent \$588,000 in 2017, just \$100,000 less than the two county party committees in Atlantic County, which spent \$681,000.

A better barometer of things to come in the 2nd District may be the Assembly election of 2015, however. Dark-money groups dumped \$2.1 million into the 2nd District to influence the outcome of the election. The county organizations spent \$691,000.

To counter this trend, the New Jersey Election Law Enforcement Commission has made several proposals that, if enacted, would strengthen the political parties and offset the influence of independent groups.

These proposals have been incorporated into legislation introduced by state Sen. Troy Singleton, D-7th, and Assemblyman Andrew Zwicker, D-16th. Assembly Minority Leader Jon Bramnick, R-21st, has also introduced legislation.

The recommended reforms call for the following:

Independent groups – require registration and disclosure of contributions and expenditures;

Political parties – exempt them from pay-to-play laws, allow county parties to give to each other, allow participation in gubernatorial elections by state parties, and increase contribution limits.

Pay-to-play laws – consolidate into one state law, increase contract disclosure requirement to \$17,500 disclosed, end fair-and-open loophole, increase contractor donation amount to \$1,000, include PACs under the law, exclude political parties from the law, and require disclosure of contractor donations to independent groups.

While a strong political party system may not be a perfect solution, in terms of the public good it is considerably better than the alternative.

Political parties are accountable, regulated by New Jersey law, disclose their activities, and provide a cue to voting.

Whereas the public identifies candidates with their political party, there is no such connection in the public's mind between candidates and independent groups, allowing them to run questionable, often misleading, attack ads against the opponent of the candidate they support.

Another advantage of a strong party system is that it may help to improve upon the paltry voter turnout rate in recent years.

A main function of political parties is to get out the vote. During the 1993 gubernatorial and legislative elections, when state and county parties spent \$48 million and dark-money were non-existent, voters turned out at a rate of 65 percent. This year, with a weakened party system, turnout was 36 percent. In Atlantic County the turnout rate was 39 percent.

So strengthening the parties may bring more voters to the polls.

There is no more important issue than the integrity of the electoral system.

The Legislature has it within its power to establish an electoral system in the best interest of the public. Hopefully it will do so.

LOBBYING ANNUAL REPORTS 2017

A bevy of contentious issues in the state capitol has prompted several special interest groups to spend record sums lobbying state officials, according to an analysis of annual lobbying reports released today by the New Jersey Election Law Enforcement Commission (ELEC).

Issues such as a request by the state's largest electric utility for a special \$300 million per year surcharge to keep three nuclear plants running, an aborted raid on the surplus funds of the state's largest health insurer, and a proposed increase in the minimum wage all prompted heavy spending in 2017.

"In a democratic society, policy-making often doesn't come easy or quietly. And the most intense debates often lead to heavy lobbying activity," said Jeff Brindle, ELEC's Executive Director. "In 2017, several issues that are still on the hot burner in 2018 led to record spending by some of the parties with the biggest stakes," he said.

Brindle said people should remember that lobbying is a fundamental part of democracy. It is protected under the First Amendment, which guarantees the right "to petition the Government for a redress of grievances."

Horizon Blue Cross Blue Shield of NJ, the state's largest health insurer, spent the most of any one organization. It increased its spending 224 percent to \$2.5 million- its largest expenditure ever by a large margin. Horizon and other health insurers have been contending with several

thorny issues, including legislation to protect consumers from surprise out-of-network medical bills and legislation regulating telemedicine.

The most likely cause of the sharp increase in Horizon's spending, however, was a plan by former Governor Chris Christie to use up to \$300 million of the health insurer's reserves to help fund a program to prevent abuse of opioid pain killers. The issue triggered a state budget shutdown last year. In the end, lawmakers defeated the Governor's attempt to obtain the surplus for opioid prevention but did place a future cap on Horizon's reserves.

One sign of the issue's importance is that Horizon used part of its spending to pay \$1.4 million to Latino Consumer Alliance to help fend off the diversion. Led by the former AARP government affairs director, the group ran an extensive public relations campaign against the move.

Another major firm, Public Service Enterprise Group, which includes Public Service Electric & Gas, the state's largest energy utility, also boosted spending to an historic level- \$2.4 million, or 535 percent more than the year earlier. Its previous peak spending on lobbying- \$863,073 in 2012.

Utility officials have warned they will have to prematurely close three nuclear plants in Salem County unless they win passage of legislation to permit a special rate increase. Advocates point out thousands of jobs also could be lost if the reactors are decommissioned. Estimates indicate residential customers would pay about \$30 to \$40 a year more if the surcharge takes effect.

Along with Public Service, Exelon Generation Company LLC of Kennett Square, PA, a co-owner of two of the nuclear plants, increased spending 61 percent to \$193,590 in 2017.

On the other side of the issue is a group called New Jersey Coalition for Fair Energy, which opposes the surcharge. The newly-created group reported spending \$939,058 in 2017. The coalition consists of Calpine Corp., and Dynegy Inc., both of Houston, Texas, Electric Power Supply Association of Washington, DC, and NRG Energy Inc. of Princeton.

Another big spender in 2017 was Occidental Petroleum Corporation, which expended \$1.2 million. Its representatives met with several administration and legislative officials over a hearing on superfund legislation, according to its quarterly lobbying reports.

The state Attorney General's office announced in February 2015 that Occidental Chemical Corp., a subsidiary, had agreed to pay the state \$190 million as part of a larger plan to detoxify the lower Passaic River. Occidental Chemical is the legal successor to the former Diamond Shamrock Chemicals Company, which ran a factory that contaminated the river.

NJ Food Council, which opposes a higher minimum wage, spent \$1.1 million in 2017 to try to stop it- 502 percent more than it spent in 2016 and also a record for the organization. It transferred \$920,438 to a group called Protect Jersey Jobs to help lobby against a proposed wage hike.

While 2016 was marked by several controversial issues, total spending on lobbying climbed just 0.5 percent to \$90.8 million. (Note: totals for 2015, 2016 and 2017 are considerably higher than previously reported totals mainly because of a change in ELEC methodology that now captures all payments to outside agents. The reporting gap became noticeable after ELEC switched to electronic filing of all annual lobbying reports.)

Focusing on the broader activity of special interest groups, spending on energy issues jumped the most- 49 percent- due largely to the debate over the nuclear power plant subsidies. The 39 percent increase in spending by insurance interests was driven in part by increased spending on the fate of the Horizon surplus.

Spending on transportation was down 64 percent one year after advocacy groups won passage of a higher gasoline tax to help pay for transportation improvement projects.

Despite the spate of new issues, spending on communications fell for the second straight year to \$8.5 million, a 20 percent drop from the 2016 total.

While communications spending overall was down, the five largest spenders all were involved in the high-profile issues that dominated the Trenton agenda in 2017.

A 20 percent decline in communications spending was offset by a 98 percent jump in assessments, membership fees and dues.

The amount spent by lobbyists on "benefit passing"- gifts like meals, trips or other things of value- shot up

70 percent in 2017 to \$5,967. The amount is the largest since 2012. However, the 2017 total still represents a 96 percent drop from the 1992 spending peak of \$163,375.

Reports show that 106 lobbyists in 2017 held 144 appointed seats on public authorities, boards and commissions- 38, or 36 percent, more than in 2016. (Some lobbyists sit on multiple boards.)

The average number of lobbyists fell to 900 in 2017, the lowest point since 2005, when there were 613 registered lobbyists. The number is down 4 percent from 2016, and 14 percent below the peak of 1,043 in 2008.

The number of clients fell to 1,923, the lowest point since 2009, when there were 1,834 clients. The number is down one percent from 2016, and 7 percent beneath the peak of 2,077 in 2012.

For the fifteenth straight year, Princeton Public Affairs Group Inc. reported the highest receipts among multi-client contract lobbying firms. Eight of 10 firms on the 2016 list remained there in 2017.

At the federal level, the number of lobbyists in 2017 rose slightly to 11,444 after declining the previous ten years, according to the Center for Responsive Politics. Spending by federal lobbyists also rose to \$3.34 billion- the highest point since 2010. The lobbying business is thriving elsewhere as well. In 2017, heavy spending by the oil industry helped push lobbying expenditures to \$339 million in California, according to the Los Angeles Times.

Table 1
Top 10 Special Interest Organizations Total Spending 2017 vs 2016

ORGANIZATION	2017	2016	CHANGE-\$	CHANGE-%
Horizon Blue Cross Blue Shield of NJ	\$2,524,921*	\$778,403	\$1,746,518	224%
Public Service Enterprise Group	\$2,350,364*	\$370,093	\$1,980,271	535%
Latino Consumer Alliance	\$1,415,000	0	\$1,415,000	NA
Occidental Petroleum Corporation	\$1,198,826*	\$371,004	\$ 827,822	223%
NJ Food Council	\$1,151,556*	\$191,272	\$ 960,284	502%
New Jersey Coalition for Fair Energy	\$ 939,058	0	\$ 939,058	NA
Protect Jersey Jobs	\$ 920,438	0	\$ 920,438	NA
NJ Hospital Association	\$ 818,332*	\$710,322	\$ 108,010	15%
Prudential Financial Inc	\$ 778,353	\$801,786	\$ (23,433)	-3%

*Record high for organization

Table 2
Total Spending by Lobbyists in New Jersey 2011-2017

YEAR	EXPENDITURES	CHANGE-\$	CHANGE-%
2017*	\$ 90,791,637	\$ 429,508	0.5%
2016	\$ 90,362,129	\$ (1,142,581)	-1.2%
2015**	\$ 91,504,710	\$ 32,630,765	55.4%
2014	\$ 58,873,945	\$ (4,504,869)	-7.1%
2013	\$ 63,378,814	\$ 5,341,014	9.2%
2012	\$ 58,037,800	\$ (16,111,882)	-21.7%
2011	\$ 74,149,682	\$ 8,253,560	12.5%

*Preliminary

**Totals for 2015 and later reflect larger payments to outside agents that weren't included in earlier ELEC methodology.

Table 3
Top 10 Special Interest Categories by Total Spending in 2017

SPECIAL INTEREST GROUP	2017	2016	CHANGE-\$	CHANGE-%
Business-Miscellaneous	\$12,926,972	\$9,517,782	\$ 3,409,190	36%
Energy	\$ 7,624,942	\$5,101,023	\$ 2,523,919	49%
Insurance	\$ 6,136,086	\$4,400,836	\$ 1,735,249	39%
Hospitals	\$ 6,051,477	\$5,269,388	\$ 782,088	15%
Health	\$ 5,325,967	\$6,082,511	\$ (756,544)	-12%
Real Estate	\$ 3,420,915	\$4,274,554	\$ (853,638)	-20%
Drug	\$ 2,917,105	\$3,003,070	\$ (85,965)	-3%
Transportation	\$ 2,462,714	\$6,885,435	\$ (4,422,721)	-64%
Education	\$ 2,253,522	\$2,130,086	\$ 123,436	6%
Ideological	\$ 1,762,009	\$2,046,486	\$ (284,477)	-14%

Table 4
Total Annual Spending on Lobbying Communications - 2011-2017

YEAR	AMOUNT	CHANGE-\$	CHANGE-%
2017	\$ 8,451,798	\$ (2,123,150)	-20%
2016	\$10,574,948	\$ (4,204,761)	-28%
2015	\$14,779,709	\$ 11,044,746	296%
2014	\$ 3,734,963	\$ (3,081,016)	-45%
2013	\$ 6,815,979	\$ 4,608,363	209%
2012	\$ 2,207,616	\$ (12,979,720)	-85%
2011	\$15,187,336	\$ 4,844,019	47%

Table 5
Top Five Expenditures on Lobbying
Communications in 2017 by Represented Entities

GROUP	AMOUNT
Public Service Enterprise Group	\$1,759,448
Latino Consumer Alliance	\$1,415,000
Protect Jersey Jobs	\$ 920,438
NJ Coalition For Fair Energy	\$ 817,139
Horizon Blue Cross Blue Shield of NJ	\$ 551,970

Table 6
Lobbying Expenses by Category

EXPENSE CATEGORY	2017	2016	CHANGE-\$	CHANGE-%
In-House Salaries	\$36,034,080	\$35,533,514	\$ 500,566	1%
Compensation to Outside Agents	\$38,894,216	\$38,998,025	\$ (103,809)	-0.3%
Communications	\$ 8,451,798	\$10,574,948	\$(2,123,150)	-20%
Assessments Membership Fees and Dues	\$ 4,579,354	\$ 2,313,953	\$ 2,265,401	98%
Support Personnel	\$ 2,382,397	\$ 2,498,862	\$ (116,465)	-5%
Travel and Lodging	\$ 443,824	\$ 439,326	\$ 4,498	1%
Benefit Passing	\$ 5,967	\$ 3,501	\$ 2,466	70%
Total Expenditures	\$90,791,636	\$90,362,129	\$ 429,507	0%

Table 7
Total Spending on Benefit Passing
Unadjusted for Reimbursements

YEAR	TOTAL SPENT ON BENEFIT PASSING	CHANGE IN %
2017	\$ 5,967	70%
2016	\$ 3,501	44%
2015	\$ 2,439	-26%
2014	\$ 3,283	-18%
2013	\$ 4,022	-29%
2012	\$ 5,652	-1%
2011	\$ 5,687	-24%

Table 8
Top Ten Multi-Client Firms Ranked by 2017 Fees

FIRM	2017 RECEIPTS
Princeton Public Affairs Group Inc.	\$ 9,228,302
Public Strategies Impact LLC	\$ 6,161,016
MBI Gluckshaw	\$ 3,049,200
Kaufman Zita Group LLC	\$ 2,742,237
Cammarano Layton & Bombardieri Partners LLC	\$ 2,412,500
Gibbons PC	\$ 2,109,746
Optimus Partners LLC	\$ 2,051,100
Riker Danzig Scherer Hyland & Perretti LLP	\$ 1,418,798
Capital Impact Group	\$ 1,351,222
Komjathy & Kean LLC	\$ 1,338,560

Summary data provided for 2017 should be considered preliminary and incomplete. This analysis reflects reports received as of noon March 6, 2018. In New Jersey, lobbyists who raise or spend more than \$2,500 were required to file a report on February 15th that reflects activity from the prior calendar year. Summary information about lobbyist activities in 2017 can be obtained at the following website: http://www.elec.state.nj.us/publicinformation/gaa_annual.htm.

2018 Reporting Dates

	INCLUSION DATES	REPORT DUE DATE
FIRE COMMISSIONER - FEBRUARY 17, 2018		
29-day Preelection Reporting Date	Inception of campaign* - 1/16/18	1/19/2018
11-day Preelection Reporting Date	1/17/2018 - 2/3/2018	2/6/2018
20-day Postelection Reporting Date	2/4/2018 - 3/6/2018	3/9/2018
48-Hour Notice Reports Start on 2/4/2018 through 2/17/2018		
APRIL SCHOOL BOARD - APRIL 17, 2018		
29-day Preelection Reporting Date	Inception of campaign* - 3/16/2018	3/19/2018
11-day Preelection Reporting Date	3/17/2018 - 4/3/2018	4/6/2018
20-day Postelection Reporting Date	4/4/2018 - 5/4/2018	5/7/2018
48-Hour Notice Reports Start on 4/4/2018 through 4/17/2018		
MAY MUNICIPAL - MAY 8, 2018		
29-day Preelection Reporting Date	Inception of campaign* - 4/6/2018	4/9/2018
11-day Preelection Reporting Date	4/7/2018 - 4/24/2018	4/27/2018
20-day Postelection Reporting Date	4/25/2018 - 5/25/2018	5/29/2018
48-Hour Notice Reporting Starts on 4/25/2018 through 5/8/2018		
RUNOFF (JUNE) ** - JUNE 12, 2018		
29-day Preelection Reporting Date	No Report Required for this Period	
11-day Preelection Reporting Date	4/25/2018 - 5/29/2018	6/1/2018
20-day Postelection Reporting Date	5/30/2018 - 6/29/2018	7/2/2018
48-Hour Notice Reporting Starts on 5/30/2018 through 6/12/2018		
PRIMARY (90-DAY START DATE: MARCH 7,2018)*** - JUNE 5, 2018		
29-day Preelection Reporting Date	Inception of campaign* - 5/4/2018	5/7/2018
11-day Preelection Reporting Date	5/5/2018 -5/22/2018	5/25/2018
20-day Postelection Reporting Date	5/23/2018 - 6/22/2018	6/25/2018
48-Hour Notice Reporting Starts on 5/23/2018 through 6/5/2018		
GENERAL (90-DAY START DATE: AUGUST 8, 2018)*** - NOVEMBER 6, 2018		
29-day Preelection Reporting Date	6/23/2018 - 10/5/2018	10/9/2018
11-day Preelection Reporting Date	10/6/2018 - 10/23/2018	10/26/2018
20-day Postelection Reporting Date	10/24/2018 - 11/23/2018	11/26/2018
48-Hour Notice Reporting Starts on 10/24/2018 through 11/6/2018		

RUNOFF (DECEMBER) - DECEMBER 4, 2018**

29-day Preelection Reporting Date	No Report Required for this Period	
11-day Preelection Reporting Date	10/24/2018 - 11/20/2018	11/23/2018
20-day Postelection Reporting Date	11/21/2018 - 12/21/2018	12/24/2018
48-Hour Notice Reporting Starts on 11/21/2018 through 12/4/2018		

PACS, PCFRS & CAMPAIGN QUARTERLY FILERS

1 st Quarter	1/1/2018 - 3/31/2018	4/16/2018
2 nd Quarter	4/1/2018 - 6/30/2018	7/16/2018
3 rd Quarter	7/1/2018 - 9/30/2018	10/15/2018
4 th Quarter	10/1/2018 - 12/31/2018	1/15/2019

GOVERNMENTAL AFFAIRS AGENTS (Q-4)

1 st Quarter	1/1/2018 - 3/31/2018	4/10/2018
2 nd Quarter	4/1/2018 - 6/30/2018	7/10/2018
3 rd Quarter	7/1/2018 - 9/30/2018	10/10/2018
4 th Quarter	10/1/2018 - 12/31/2018	1/10/2019

*Inception Date of Campaign (first time filers) or from January 1, 2018 (Quarterly filers).

**A candidate committee or joint candidates committee that is filing in a 2018 Runoff election is not required to file a 20-day postelection report for the corresponding prior election (May Municipal or General).

***Form PFD-1 is due on April 12, 2018 for Primary Election Candidates and June 15, 2018 for Independent General Election Candidates.

Note: A fourth quarter 2017 filing is needed for Primary 2018 candidates if they started their campaign prior to December 7, 2017. A second quarter 2018 filing is needed by Independent/Non-Partisan General Election candidates if they started their campaign prior to May 9, 2018.

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