

**New York City Campaign Finance Board –
Hearing on Disclosure of Independent Expenditures, March 10, 2011**

Opening Statement of Father Joseph P. Parkes, S.J., Chairman

Good morning. Welcome to our hearing on the disclosure of independent expenditures in city elections. I want to extend our thanks to all of those who have joined us to discuss this important issue. In November, New York City voters approved amending the city Charter to require the disclosure of independent spending in city elections. It is now our charge to implement this new requirement, and that is why we are gathered here today.

Since its inception in 1988, the New York City Campaign Finance Board has provided disclosure of campaign finances to the public. In the past, this has meant robust, comprehensive disclosure of all fundraising by candidates running for mayor, public advocate, comptroller, borough president, and city council. Spending by outside groups to affect city elections has long been hidden from the public, however. In any public campaign financing program, independent expenditures represent a distinct dilemma. Candidates who join the program, and agree to limit their spending, can be opposed by independent expenditure committees without limits. New Yorkers, by overwhelmingly approving the Charter change requiring disclosure of independent expenditures, have demanded more information about people and entities spending money to influence their elections.

Since the Supreme Court’s January 2010 *Citizens United* decision, much media attention has focused on the topic of outside spending in the political process. While the decision affirmed the right to engage in independent political activity, the Court importantly upheld the role of disclosure. In the majority opinion, Justice Anthony Kennedy wrote that “prompt disclosure of expenditures can provide shareholders and citizens with the information needed to hold corporations and elected officials accountable for their positions and supporters.”ⁱ Disclosure of funds spent to influence elections is crucial to a healthy democracy.

This need is even more apparent after the record-breaking spending by independent actors in the 2010 midterm elections. Nearly half of the \$300 million in independent spending

not affiliated with one of the political parties escaped disclosure completely. Media reports during and after the election highlighted the influx in stealth spending and the wide gaps in disclosure. Many states still have no regulation on electioneering communications-- which means voters in those states are often unaware of who is behind advertisements and literature before they go to the polls-- whether it is corporations, trade associations, unions, wealthy individuals, or other interest groups.

Even before *Citizens United*, we saw an unprecedented rise in activity by third-party actors in the 2009 city elections. Thus far, information about third-party spending at the local level has not been available to the public. Our disclosure gap means the details have been hidden. The full extent and monetary value of the activity meant to support a specific candidate has been unknowable. New Yorkers have spoken-- and they've asked for better and timelier disclosure to make election spending more transparent.

It is our job now to implement rules to make this disclosure useful to the public, and manageable to those who must disclose. There are many complex issues to be considered, and we've worked to reach out to a variety of stakeholders as we enter the rulemaking process. I look forward to beginning the conversation on the issue today and thank those of you who have joined us for adding to this important dialogue.

I also wanted to welcome those joining us on the Internet. For the first time today, the Board will be streaming the video of our hearing on our website. Viewers can access the live video during the hearing, and the video (and those of future Board meetings and hearings) will be archived on our site.

To begin these proceedings, I would like to introduce our executive director, Amy Loprest, who will provide some substance to the outline I've drawn here, and expand on some of the issues the Board will consider in the rulemaking process.

ⁱ *Citizens United v. Federal Election Commission*, 130 S.Ct. at 916 (2010).