



**POSITION OF CITIZENS UNION ON PROPOSED
"PAY TO PLAY" LEGISLATION
DELIVERED by
DICK DADEY, EXECUTIVE DIRECTOR
January 31, 2005**

Citizens Union, a century-old good-government organization, has consistently supported provisions to strengthen the city's campaign finance program that seek to reduce the role of money in politics and campaigns.

Citizens Union commends the Campaign Finance Board for looking into a most comprehensive way at one of stickiest elements of the role of money in politics and that is "pay-to-play".

The influence that contractors, developers, and lobbyist have over elected officials, not only here but throughout the country, is enhanced by the ability of these persons and entities to contribute directly to a candidate's campaign for office. The ability to do so can potentially lead to a less independent body of elected officials and erodes the integrity of government in the course of it making policy decisions and awarding contracts. The notion, in fact the reality, of influence peddling by those seeking to affect the decisions of elected and public officials is one of the reasons that the general public's confidence had been eroded in the belief that government operates with an even hand and a blind eye.

Citizens Union is still in the process of developing a fully formed position on this proposal of regulating the pay to play system, but nevertheless strongly supports the effort of the Mayor and the Campaign Finance Board to create a database identifying contractors doing business with the city and to institute "pay-to-play" legislation for the City of New York. We believe that legislation, and not regulations, is the best means to ensure a good sound system. Citizens Union also believes that it is critical that the legislation be effective, clear, fair and comprehensive. Toward that end, City Union is of the opinion that any pay-to-play legislation that the city enacts should:

- Establish a user-friendly, searchable database of those doing business with the city for candidates, elected officials, contractors/vendors, the city and the public to ensure the greatest level of transparency and disclosure.
- Apply to all candidates for elected office, not just those participating in the campaign finance program.
- Place the onus upon the city, and not the candidates, to determine and report who is doing business with the city and therefore subject to the terms of the proposed pay to play provision.
- Place the compliance burden upon the individual or entity making the contribution.

Citizens Union "Pay to Play" Statement of Position
January 31, 2005

- Ensure that the definition of "doing business with the city" is clear and comprehensive. There are many sources and different ways in which to influence the decisions made by those in government, so in an effort to be broad enough to capture all possible "influence peddlers", it is important that the law be very explicit. Those who do business with the city should at the very least include contractors and lobbyists, and others who are clearly affiliated with entities wishing to affect the decisions of government. Individuals, entities, agents or law firm representing clients, or lobbyists seeking budgetary, administrative, regulatory or legislative action, as well as those seeking zoning variances, tax breaks, or are otherwise involved in the real estate transactions with the city should also be covered.
- Furthermore, enact a tight definition of "seeking" to do business with the City or being "in negotiation" with the City to do business to at least apply to anyone who has submitted a bid or a response to a Request for Proposals.
- Not entirely ban contributions from those who do business with the city, but significantly limit the size of the contribution and prohibit such contributions from being eligible for matching under the program. The allowable size of a contribution is not something on which Citizens Union has yet taken a position.
- Prohibit individuals or entities who make other allowable contributions under the current campaign finance system from seeking or doing business with the City if they do not comply with the "pay to pay" provisions.
- Ensure a de minimus exception on the size of a contract.
- Contain a no-liability provision for candidates if the individual or entity making the contribution was not in the city's data base at the time of the contribution.
- Limit contributions by individuals or entities doing business with the city for a set amount of time after a contract expires, potentially up to 1 year.
- Include in its definition of those doing business with the city, any "spouse, domestic partner and unemancipated children of such person or intermediary...and any officer, any person who "exercises managerial control or responsibility over the entity doing business, or any person owning more than a 5% interest in the entity doing business."
- With the primary elections only seven months away, any legislation addressing this issue should not take effect until after the 2005 elections.

Citizens Union again thanks the Campaign Finance Board for the opportunity to provide our initial thoughts on the proposed solution to the problem of influence peddling in the City and commends it for the thoughtful and comprehensive way in which it is addressing this problem.