PROGRAM BILL # 22

GOVERNOR'S PROGRAM BILL
2016

MEMORANDUM

An Act to amend the election law, in relation to political contributions by limited liability companies or other corporate entities.

Purpose:

This bill would amend the election law to subject Limited Liability Companies ("LLCs") or other corporate entities, and the ultimate beneficial owners of LLCs, to both corporate and individual campaign contribution limitations, respectively, for contributions made to candidates or nominees for either the office of Governor or the office of State Comptroller.

Summary of provisions:

Section 1 would add a new Election L. § 14-117 to:

- Subject LLCs or other corporate entities doing business in the State of New York to a $5,000 limit when making a campaign contribution to a candidate or nominee for Governor or State Comptroller.

- Subject LLCs or other corporate entities doing business in the State of New York to a $5,000 limit when making a campaign contribution to a political party, committee or organization maintained for, or in aid of, any candidate or nominee for Governor or State Comptroller.

- Require that LLCs or other corporate entities, making campaign contributions to a candidate or nominee for Governor or State Comptroller, disclose their direct and indirect owners, as well as the proportion of each owner's interest, to the New York State Board of Elections by December 31 of the year in which the contribution is made.

- Subject any officer, director, stockholder, member, owner, attorney, or agent of any LLC or other corporate entity which violates this section to a misdemeanor, as would any person who solicits, or knowingly receives, any contribution in violation of this section.

Section 2 would amend Election L. § 14-120 to:

- Require that all campaign contributions, made pursuant to proposed Election L. § 14-117, be treated as an individual contribution made by each member of the LLC or other corporate entity in proportion to the member's ownership interest.

- Require that if a campaign contribution treated as an individual contribution, is made by another LLC or other corporate entity, such contribution will also be treated as an individual contribution and subject to the same requirements.

- Require the State Board of Elections to enact regulations to effectuate this section.

Section 3 would require the bill to take effect immediately upon becoming law.

Statement in Support:

In order to preserve open, free, and fair elections that are not captured by wealthy public interests, state law limits the amounts that both corporations and individuals may donate directly to state candidates. However, existing election law provisions allow wealthy individuals and corporations to use LLCs to avoid New York's campaign donation limits. This "LLC Loophole" has allowed special interests to circumvent both contribution limits and disclosure requirements. This bill would close the LLC Loophole for contributions to candidates for the offices of Governor and the State Comptroller.

Budget Implications:

This bill would have no impact on the state budget.

Effective date:

The bill would take effect immediately upon becoming law.