May 13, 2019

**SENATE BILL NO. 1500**
**(Fifth Reprint)**

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 1500 (Fifth Reprint) with my recommendations for reconsideration.

Governmental efforts to control the influence of money in politics date back to the early part of the last century. In 1907, President Theodore Roosevelt called for and signed the Tillman Act, the nation's first major campaign finance reform legislation. That law, which prohibited corporate contributions to some political campaigns, was soon followed by the first major campaign disclosure law, the Federal Corrupt Practices Act of 1910. More recently, the Federal Election Campaign Act ("FECA") was enacted in the early 1970s, forming the basis for our modern-day campaign finance regime. In its initial iteration, FECA focused primarily on disclosure but was subsequently amended to impose substantive limits on contributions and expenditures. In 2002, the Bipartisan Campaign Reform Act ("BCRA"), commonly referred to as the McCain-Feingold Act, further amended FECA to cover so-called "soft money" and issue advocacy. At the state level, New Jersey, in 1973, enacted the Campaign Contributions and Expenditures Reporting Act, which, among other things, established the New Jersey Election Law Enforcement Commission ("ELEC"). At the time of its enactment, the law was considered by many to be a national model for campaign finance reform.

Yet, for nearly as long as lawmakers have been endeavoring to regulate money in politics, state and federal courts have been imposing restrictions on these efforts. Indeed, the United

States Supreme Court had already invalidated elements of the earliest campaign finance laws before 1930. Thereafter, the Supreme Court found that FECA's expenditure limits violated the First Amendment of the United States Constitution because they "place[d] substantial and direct restrictions on the ability of candidates, citizens, and associations to engage in protected political expression." Buckley v. Valeo, 424 U.S. 1 (1976). The Supreme Court continued to roll back reform efforts in the early part of this century (see McConnell v. FEC, 540 U.S. 93 (2003) and FEC v. Wisconsin Right to Life, 551 U.S. 449 (2007)). But the biggest blow to campaign finance reform efforts came in the 2010 decision Citizens United v. FEC, 558 U.S. 310 (2010). Upending decades of campaign finance law, the Supreme Court found that BCRA's restrictions on corporate independent expenditures and electioneering communications violated a corporation's First Amendment right to free speech. To support its decision, the Court ruled that "independent expenditures do not lead to, or create the appearance of, quid pro quo corruption." As a result of Citizens United, corporations presently are free to spend limitless amounts of money on political advertisements that explicitly call for the election or defeat of candidates or refer to clearly identified candidates during the run-up to an election.

I strongly believe that, in the aftermath of Citizens United, robust disclosure of campaign spending is more critical than ever. I commend my colleagues in the Legislature for seeking to ensure that so-called "dark money" is brought out into the open. However, I am mindful that such efforts must be carefully balanced against constitutionally protected speech and association rights. Because certain provisions of Senate Bill

No. 1500 (Fifth Reprint) may infringe on both, and because the bill does not go far enough in mandating disclosures of political activity that can be constitutionally required, I cannot support it in its current form.

Beginning with Buckley, courts have consistently subjected campaign finance disclosure requirements to exacting scrutiny. This heightened level of review requires a "substantial relation between the disclosure requirement and a sufficiently important governmental interest." Campaign finance jurisprudence makes clear that the government's interest in an informed electorate is a sufficiently important – in fact, vitally important – governmental interest such that the exacting standard of scrutiny is satisfied. As a result, laws mandating disclosure of communications that are intended to influence a voter's decision on which candidate to support or whether to approve or disapprove a ballot initiative, have routinely survived legal challenge. See Human Life of Wash., Inc. v. Brumsickle, 624 F.3d 990, 1006 (9th Cir. 2010).

Senate Bill No. 1500 (Fifth Reprint), however, goes beyond requiring disclosure of expenditures of election-related advocacy, extending its disclosure requirements to also apply to advocacy in connection with legislation and regulations. Significantly, the bill covers all issue advocacy conducted at any time, regardless of whether the advocacy is connected to an issue before the electorate. As noted, courts review disclosure requirements with exacting scrutiny and compulsory disclosure is permissible in narrow instances where there is a genuine and vital need for the disclosure because the information demanded is important and material to the electorate. It is unclear whether disclosure requirements for communications that are not

connected to an election would withstand such judicial scrutiny.

In a similar manner, the Supreme Court has recognized the harm that overly broad disclosure requirements can cause to an organization, its mission, and its members. In NAACP v. Patterson, the Supreme Court found that Alabama could not force the NAACP to disclose its membership because doing so would violate the group's freedom to associate under the First Amendment. 357 U.S. 449 (1958). The Supreme Court found that privacy of group association is necessary to preserve freedom of association and protect effective advocacy, particularly when a group supports controversial positions. Without this privacy protection, the Court reasoned that the NAACP could be harmed in the form of diminished financial support and decreased membership. Indeed, past release of membership lists resulted in members being subjected to threats, economic reprisal, and loss of employment. Altogether, the Court found that compelled disclosure would undermine the NAACP's constitutionally protected right to advocate.

The concerns articulated by the Court in NAACP v. Patterson are as valid today as they were over half a century ago. Organizations that advocate on issues such as abortion rights, the Second Amendment, racial justice, and LGBTQ protections, to name just a few, remain polarizing and some individuals will be reluctant to contribute financially if those contributions are subject to widespread disclosure. As a result, broad disclosures such as those prescribed in this bill could significantly hinder the ability of organizations to advocate. Because I am not convinced that extending the bill's disclosure requirements to communications unrelated to an election will withstand constitutional challenge and because doing so could

significantly curtail the association rights of issue advocacy organizations, I am recommending revisions to eliminate the bill's references to legislation and regulation.

The bill's language prohibiting public officeholders from participating in the establishment and management of an independent election committee raises similar, fundamental constitutional concerns. The United States Constitution requires a state to have a sufficiently important government interest and employ closely drawn means in order to limit the First Amendment's speech and association protections. Buckley, supra, 424 U.S. at 25. The deterrence of actual or apparent quid pro quo corruption is a sufficiently important government interest to justify limiting associational rights in the political process. Cf. Citizens United, supra, 558 U.S. at 359. It is not clear, however, how a blanket ban on officeholders establishing or managing an independent expenditure committee will deter quid pro quo corruption or further any other sufficiently important government interest. Notably, the bill's prohibition applies even if the independent expenditure committee advocates for an issue over which the officeholder has no direct influence or involvement, further diminishing the likelihood that a court would find this provision to be sufficiently narrowly tailored. For these reasons, my recommendations would remove this prohibition.

In addition to the aforementioned constitutional concerns, the bill's definition of an independent expenditure committee does not include limited liability corporations ("LLCs") and other for-profit corporate forms. This oversight creates a loophole that could encourage the use of these entities to

circumvent the bill's registration and disclosure requirements. For example, instead of registering as a 527 or a 501(c)(4) organization, a group of individuals could form a corporation with the sole purpose of influencing an election or issue advocacy and avoid much of the disclosures prescribed in the bill. My recommended revisions would close this loophole by subjecting LLCs and other corporate forms to the bill's requirements.

The narrow definition of "independent expenditure committee" in the bill creates an additional loophole that would allow most groups that only engage in policy advocacy to easily circumvent the disclosure requirements set forth in the bill. An entity qualifies as an independent expenditure committee only if it does not coordinate its activities with any candidate or political party. Therefore, a 501(c)(4) organization could exempt itself from the provisions of the bill merely by coordinating its legislative and regulatory advocacy with a candidate.

I am also recommending two important additions to the bill that will strengthen it and further promote transparency. First, I am recommending the extension of pay-to-play disclosures to apply to independent expenditure committees. Under current law, business entities with $50,000 or more in public contracts must annually file disclosure forms with ELEC if they have contributed to candidate committees, joint candidate committees, political party committees, or legislative leadership committees. These disclosures ensure that public contracts are the result of a fair and open process rather than political favors to prominent contributors. By extending the bill to business entities that contribute to independent

expenditure committees, my recommendations close a loophole that allows an entity that has benefited from large public contracts to entirely avoid disclosure by directing all of its contributions to independent expenditure committees, including 501(c)(4) organizations.

Second, I am recommending the addition of a provision that would require the recipients of economic development subsidies to disclose their contributions to candidates and groups that expend money to influence elections. This addition is a reasonable extension of the bill and will assure that the State's economic development programs operate transparently and without conflicts of interest. The provision is based on Senate Bill No. 2311 from the 2014-15 legislative session, sponsored by Senator Weinberg and former Senator Lesniak, which passed the Senate in 2015 without a single dissenting vote among Democrats. At the time, then-Senator Lesniak stated, "There is an appearance that there is a political price to be paid in order to get these incentives." Then-Senator Lesniak went on to say that such a perception could "put in jeopardy the entire program, and subject it to criticism that it's being exploited for political purposes." See "Senate passes bill that bars campaign contributions to tax break recipients," northjersey.com, September 25, 2015. I am incorporating a slightly modified version of the 2015 bill because I agree with then-Senator Lesniak; New Jersey's incentives programs need to work for everybody, not just for some.

Critics may contend that additional disclosure requirements for the recipients of economic development subsidies are unnecessary given that existing State laws and other provisions of this bill already require candidates and certain groups to

disclose the sources of large contributions. However, this specialized disclosure rule is critical as it will prevent businesses that receive economic development subsidies from hiding their contributions. For example, if an entity controlled by a business that received a subsidy makes a political contribution, the disclosure required under current law would only indicate information about that entity. Thus, someone examining the contribution would have to know that the entity is controlled by the business in order to detect any wrongdoing. To prevent such hidden contributions, I am recommending a provision similar to those found in our pay-to-play laws requiring that all contributions made by an entity controlled by a business that received a subsidy be deemed contributions of the business itself. Furthermore, the specialized and focused disclosure reports established in this provision will prevent the need for the public to sift through the lengthy campaign disclosure reports of various entities to determine whether a business benefitting from an economic development subsidy has made political contributions.

Finally, my recommended revisions correct multiple apparent drafting errors, including many with the potential to impact the bill's substantive effect and spawn time-consuming litigation. For example, the bill is inconsistent in its treatment of how independent expenditure committees are to make reports to ELEC. Additionally, the bill creates a unique reporting schedule for independent expenditure committees, but later requires independent expenditure committees to report on the same schedule as continuing political committees. This inconsistency may lead to uncertainty among filers and administrative difficulties for ELEC and the state and federal courts.

Although laudable in its intentions, I cannot support this bill as drafted because of the numerous legal issues it raises, its potential to stifle nonpartisan advocacy, and the presence of troubling loopholes.

Therefore, I herewith return Senate Bill No. 1500 (Fifth Reprint) and recommend that it be amended as follows:

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| Page 2, Title, Line 1: | Delete "and limits" and insert "by certain groups and business entities that receive government contracts or development subsidies" |
| Page 2, Title, Line 2: | After "and" insert "supplementing P.L.1973, c.83 (C.19:44A-1 et seq.) and" |
| Page 6, Section 1, Line 10: | Delete "$5,500" and insert "$2,500" |
| Page 7, Section 1, Line 32: | Delete "or" and insert "," |
| Page 7, Section 1, Line 34: | After "(26 U.S.C. s.501)" insert ", or under the "Revised Uniform Limited Liability Company Act," P.L.2012, c.50 (C.42:2C-1 et seq.)" |
| Page 7, Section 1, Line 40: | Delete "legislation, or regulation," |
| Page 7, Section 1, Line 41: | Delete "legislation, or" |
| Page 7, Section 1, Line 42: | Delete "regulation," |
| Page 7, Section 1, Line 43: | Delete "does not coordinate its activities" |
| Page 7, Section 1, Line 44: | Delete "with any candidate or political party as determined by the" and insert "which is restricted by law or regulation with regard to the coordination of its activities with any candidate or political party. The" |
| Page 7, Section 1, Line 45: | After "Commission" insert "shall determine whether a person, candidate committee, joint candidates committee, continuing political committee, or independent expenditure committee has coordinated its activities with any candidate or political party" |
| Page 8, Section 1, Line 2: | Delete "made within" |

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| Page 8, Section 1, Line 3: | Delete in its entirety |
| Page 8, Section 1, Line 4: | Delete "of the election and refers to" and insert ", for which the direct costs of producing and disseminating exceed $10,000 in the aggregate during any calendar year, that" |
| Page 8, Section 1, Line 4: | After "(1)" insert "refers to (a)" |
| Page 8, Section 1, Line 8: | Delete "(2)" and insert "(b)" |
| Page 8, Section 1, Line 11: | After "question" insert "; (2) is made within 60 days before a general, primary, or special election for the office sought by the candidate or, in the case of a public question, is made within 60 days before a general, primary, or special election at which the public question appears on the ballot; and (3) can be received by at least 10 percent of the electorate the candidate seeks to represent or, in the case of a public question, can be received by 10 percent of the electorate responsible for deciding the public question" |
| Page 8, Section 1, Line 14: | Delete ";" and insert ", except a communication appearing in a news story, commentary, or editorial provided that the medium of communication is not owned or controlled by a political party, political committee, or candidate. The term 'electioneering communication' also includes communications" |
| Page 8, Section 1, Line 17: | After "e-mails." insert "The term 'electioneering communication' shall not include communications presented in a candidate debate or forum conducted pursuant to regulations adopted by the Election Law Enforcement Commission, or which solely promote the debate or forum and made by or on behalf of a sponsor of the debate or forum, or communications by an organization exclusively to its members, stockholders, or |

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| | executive or administrative personnel.” |
| Page 8, Section 1, Line 23: | After “question” delete “,” |
| Page 8, Section 1, Line 24: | Delete “legislation, or regulation,” |
| Page 8, Section 1, Line 27: | Delete “legislation, or regulation,” |
| Page 8, Section 1, Line 31: | Delete “legislation, or regulation,” |
| Page 8, Section 1, Line 36: | Delete “, legislation, or regulation,” |
| Page 8, Section 1, Line 38: | Delete “, legislation, or regulation” |
| Page 12, Section 2, Line 33: | Delete “(1)” |
| Page 12, Section 2, Line 40: | After “it” insert “during the period ending on the 15th day preceding that date and commencing on January 1 of that calendar year or, in the case of the cumulative quarterly report to be filed not later than January 15, of the previous calendar year” |
| Page 12, Section 2, Line 40: | After “all” insert “independent” |
| Page 12, Section 2, Line 41: | After “it” insert “during the period, provided that if the committee makes any electioneering communication, the committee shall also include in its report all expenditures in excess of $3,000 made, incurred, or authorized by it” |
| Page 12, Section 2, Line 45: | Delete “legislation, or regulation,” |
| Page 12, Section 2, Line 46: | Delete “legislation, or” |
| Page 12, Section 2, Line 47: | Delete in its entirety |
| Page 13, Section 2, Lines 1-2: | Delete in their entirety |
| Page 13, Section 2, Line 3: | Delete “made, whichever occurred first” and insert “, including, but not limited to, for electioneering communications, voter registration, get-out-the-vote efforts, polling, and research” |
| Page 13, Section 2, Line 3: | After “The” insert “cumulative” |

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| Page 13, Section 2, Line 7: | Delete “since 48 hours preceding the date on which such” |
| Page 13, Section 2, Line 8: | Delete “previous report was made” |
| Page 13, Section 2, Line 14: | Delete “since 48 hours” |
| Page 13, Section 2, Line 15: | Delete “preceding the date on which the previous such report was made” |
| Page 13, Section 2, Line 18: | After “The” insert “cumulative” |
| Page 13, Section 2, Line 20: | Delete “since 48” |
| Page 13, Section 2, Line 21: | Delete in its entirety |
| Page 13, Section 2, Line 22: | Delete “made” |
| Page 13, Section 2, Lines 26-33: | Delete in their entirety |
| Page 13, Section 2, Line 46: | After “$500” insert “in the case of a political party committee or legislative leadership committee, and more than $10,000 in the case of an independent expenditure committee,” |
| Page 14, Section 2, Line 13: | After “$800” insert “in the case of a political party committee or legislative leadership committee, and in excess of $3,000 in the case of an independent expenditure committee” |
| Page 14, Section 2, Line 15: | Delete “or to aid the passage or defeat of legislation or” |
| Page 14, Section 2, Line 16: | Delete in its entirety |
| Page 14, Section 2, Line 26: | After “$300,” insert “or in excess of $10,000 in the case of an independent expenditure committee;” |
| Page 14, Section 2, Line 32: | After “$300” insert “, or in excess of $10,000 in the case of an independent expenditure committee,” |
| Page 15, Section 2, Line 1: | After “affair” insert “, or in the case of an independent expenditure committee in excess of $10,000,” |
| Page 15, Section 2, Line 6: | After “limit” insert “and $10,000 limit” |
| Page 15, Section 3, Line 47: | Delete “legislation, or regulation,” |
| Page 15, Section 3, Line 48: | Delete “, legislation, or” |

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| Page 16, Section 3, Line 1: | Delete "regulation" |
| Page 16, Section 3, Line 34: | Delete "legislation, or regulation," |
| Page 16, Section 3, Line 35: | Delete ", legislation, or" |
| Page 16, Section 3, Line 36: | Delete "regulation" |
| Page 18, Section 4, Line 12: | Delete "or holder of" |
| Page 18, Section 4, Line 13: | Delete "public office" |
| Page 18, Section 4, Line 21: | Delete ", legislation, or" |
| Page 18, Section 4, Line 22: | Delete "regulation," |
| Page 18, Section 4, Line 23: | Delete "legislation, or regulation," |
| Page 19, Section 5, Line 45: | After "question," delete "or" |
| Page 19, Section 5, Line 46: | Delete in its entirety |
| Page 19, Section 5, Line 47: | Delete "independent expenditure committee," |
| Page 43, Section 10, Line 2: | Delete ", or aiding the passage or defeat of legislation or regulation in" |
| Page 43, Section 10, Line 3: | Delete "the case of an independent expenditure committee," |
| Page 45, Section 12, Line 13: | After "12." insert "Section 3 of P.L.2005, c.271 (C.19:44A-20.27) is amended to read as follows:<br><br>3. a. Any business entity making a contribution of money or any other thing of value, including an in-kind contribution, or pledge to make a contribution of any kind to a candidate for or the holder of any public office having ultimate responsibility for the awarding of public contracts, or to a political party committee, legislative leadership committee, political committee, independent expenditure committee, or continuing political committee, which has received in any calendar year [$50,000] $17,500 or more in the aggregate through agreements or contracts with a public entity, shall file an annual disclosure statement with the New Jersey Election Law Enforcement |

Commission, established pursuant to section 5 of P.L.1973, c.83 (C.19:44A-5), setting forth all such contributions made by the business entity during the 12 months prior to the reporting deadline.

b. The commission shall prescribe forms and procedures for the reporting required in subsection a. of this section which shall include, but not be limited to:

(1) the name and mailing address of the business entity making the contribution, and the amount contributed during the 12 months prior to the reporting deadline;

(2) the name of the candidate for or the holder of any public office having ultimate responsibility for the awarding of public contracts, candidate committee, joint candidates committee, political party committee, legislative leadership committee, political committee, independent expenditure committee, or continuing political committee receiving the contribution; and

(3) the amount of money the business entity received from the public entity through contract or agreement, the dates, and information identifying each contract or agreement and describing the goods, services or equipment provided or property sold.

c. The commission shall maintain a list of such reports for public inspection both at its office and through its Internet site.

d. When a business entity is a natural person, a contribution by that person's spouse, domestic partner, civil union partner, or child, residing therewith, shall be deemed to be a contribution by the business entity. When a business entity is other than a

natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by: all principals, partners, officers, or directors of the business entity, or their spouses; any subsidiaries directly or indirectly controlled by the business entity; or any political organization organized under section 527 of the Internal Revenue Code or independent expenditure committee that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee, shall be deemed to be a contribution by the business entity.

e. As used in this section:

"business entity" means a for-profit entity that is a natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of this State or of any other state or foreign jurisdiction; and

"interest" means the ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit, as appropriate.

[e.] f. Any business entity that fails to comply with the provisions of this section shall be subject to a fine imposed by the New Jersey Election Law Enforcement Commission in an amount to be determined by the commission which may be based upon the amount that the business entity failed to report.

(cf: P.L.2007, c.304, s.2)

13. (New section) a. As used in this section:

"Development subsidy" means the authorizing of or providing to a recipient entity an amount of funds by or from a State agency with a value of not less than $25,000 for the purpose of stimulating economic development in New Jersey, including, but not limited to, any bond, grant, loan, loan guarantee, matching fund, or any tax expenditure. "Development subsidy" shall not mean: (1) any contract under which a State agency purchases or otherwise procures goods, services, or construction on an unsubsidized basis, including any contract solely for the construction or renovation of a facility owned by a State agency; or (2) any authorizing or providing of funds by or from a State agency to a recipient entity, including by means of a tax expenditure, for the exclusive purpose of the development or production of affordable housing, for the exclusive purpose of subsidizing site remediation, recycling, commuter transportation assistance, pollution reduction, energy conservation, or other programs to improve the environment, or for the exclusive purpose of providing benefits to employees of the recipient entity.

"Interest" means the ownership or control of more than 10 percent of the profits or assets of a recipient entity, including the control of assets in a nonprofit entity, or 10 percent of the stock in the case of a recipient entity that is a corporation for profit, as appropriate.

"Person" means any corporation, association, operation, organization, firm, partnership, trust or other form of business

association, as well as a natural person.

"Recipient entity" means any non-governmental person, business, corporation, association, operation, firm, limited liability company, partnership, limited partnership, trust, or other form of business association or other business entity, which (1) receives a development subsidy, or any benefit thereof, from a State agency; or (2) purchases, sells, or assigns a tax credit transfer certificate with a value of not less than $25,000 pursuant to section 7 of P.L.2011, c.149 (C.34:1B-248), section 10 of P.L.2014, c.63 (C.34:1B-251), or paragraph (4) of subsection b. of P.L.2009, c.90 (C.52:27D-489f).

"State agency" means the State of New Jersey or any agency, instrumentality, or authority of the State that provides a development subsidy to a recipient entity and, in the case of a tax expenditure related to any tax paid to the State, "State agency" means the State Treasurer or the New Jersey Economic Development Authority, as applicable.

"Tax expenditure" means the amount of foregone tax collections due to any abatement, reduction, exemption, or credit against any State tax, including, but not limited to, taxes on raw materials, inventories or other assets, taxes on gross receipts, income, or sales, and any use, excise, or utility tax. "Tax expenditure" shall not mean any credit against any tax liability of an employee or any personal exemption, homestead rebate, credit, or deduction for the expenses of a household or individual, or other reduction of the tax liability of an individual or household.

b. A recipient entity making a contribution of money or any other thing of value,

including an in-kind contribution or pledge to make a contribution of any kind, to a candidate for, or a holder of, any public office or to a political party committee, legislative leadership committee, political committee, independent expenditure committee, or continuing political committee, shall file an annual disclosure statement with the New Jersey Election Law Enforcement Commission setting forth all such contributions made by the recipient entity during the 12 months prior to the reporting deadline.

c. The commission shall prescribe forms and procedures for the reporting required in subsection b. of this section which shall include, but not be limited to:

(1) the name and mailing address of the recipient entity making the contribution, and the amount contributed during the 12 months prior to the reporting deadline;

(2) the name of the candidate for, or the holder of, any public office, candidate committee, joint candidates committee, political party committee, legislative leadership committee, political committee, independent expenditure committee, or continuing political committee receiving the contribution;

(3) in the case of a recipient entity that purchases, sells, or assigns a tax credit transfer certificate, the amount of consideration the recipient entity paid or received for each tax credit transfer certificate purchased, sold, or assigned; the name of the transferrer; the name of the transferee; and the value of the tax credit transfer certificate; and

(4) in the case of a recipient entity that

receives a development subsidy, the value of the development subsidy, the State agency that awarded the subsidy, and the program under which the subsidy was awarded.

d. The commission shall maintain a list of such reports for public inspection both at its office and through its Internet site.

e. When a recipient entity is a natural person, a contribution by that person's spouse, domestic partner, civil union partner, or child, residing therewith, shall be deemed to be a contribution by the recipient entity. When a recipient entity is other than a natural person, a contribution by any person or other entity having an interest therein shall be deemed to be a contribution by the recipient entity. When a recipient entity is other than a natural person, a contribution by: all principals, partners, officers, or directors of the recipient entity, or their spouses; any subsidiaries directly or indirectly controlled by the recipient entity; or any political organization organized under section 527 of the Internal Revenue Code or independent expenditure committee that is directly or indirectly controlled by the recipient entity, other than a candidate committee, election fund, or political party committee, shall be deemed to be a contribution by the recipient entity.

f. A recipient entity that fails to comply with the provisions of this section shall be subject to a fine imposed by the New Jersey Election Law Enforcement Commission in an amount to be determined by the commission which may be based upon the amount that the recipient entity failed to report.

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| Page 45, Section 13, Line 20: | Delete “13.” and insert “15.” |
| Page 45, Section 13, Line 24: | Delete “paragraph (1) of” |
| Page 45, Section 13, Line 28: | Delete “paragraph” and insert “subsection” |
| Page 45, Section 13, Line 29: | After “act.” insert “Sections 12 and 13 of this act shall take effect on the first day of the 13th month next following the date of enactment.” |

Respectfully,

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor