

**LOCAL LAWS
OF
THE CITY OF NEW YORK
FOR THE YEAR 1998**

No. 39

Introduced by The Speaker (Council Member Vallone), the Public Advocate (Mr. Green) and Council Members Pinkett, Clarke, Eldridge, Freed, Henry, Koslowitz, Leffler, Michels and Miller; also Council Members O'Donovan, Reed, Robinson, Sabini and Duane.

A LOCAL LAW

To amend the charter of the city of New York and the administrative code of the city of New York, in relation to donations accepted and expenditures made on behalf of candidates elected to certain local offices for purposes of such candidates' transition or inauguration into office.

Be it enacted by the Council as follows:

Section 1. Declaration of Legislative Intent and Findings. Successful candidates for City office have, in recent years, undertaken activities for purposes of commencing their term of office. These "transition" and "inauguration" activities have included the hiring of government officials, inaugural parties, and public relations. The financing of these activities is not regulated by either State law or the New York City Campaign Finance Act. The lack of regulation of transition and inauguration activities increases the likelihood, or at least the appearance, that wealthy special interests will have undue influence over New York City's elected officials. The Council has determined to address these issues by regulating private financing of transition and inaugural activities.

§ 2. Subdivision a of section 1052 of Chapter 46 of the New York City Charter is hereby amended by adding a new paragraph 11 to read as follows:

11) The board shall have the authority to implement any system established for the regulation of inauguration and transition donations and expenditures including the promulgation of rules and regulations and the imposition of any penalties related thereto, as required by local law.

§ 3. Section 3-708 of the Administrative Code of the city of New York is hereby amended by adding a new section 10 to read as follows and renumbering section 10 as section 11:

10. The board shall have the authority to implement any system established for the regulation of inauguration and transition donations and expenditures including the promulgation of rules and regulations and the imposition of any penalties related thereto, as required by local law. The specific powers enumerated in subdivisions 5, 6, 7, 8, 9 and 11 of this section, for purposes of this chapter, shall also be applicable in full for purposes of such chapter 8.

[10.] 11. The board may take such other actions as are necessary and proper to carry out the purposes of this chapter.

§ 4. Subdivision 1 of section 3-710 of such code is hereby amended to read as follows:

1. The campaign finance board is hereby empowered to audit and examine all matters relating to the performance of its functions and any other matter relating to the proper administration of this chapter and of chapter 8 of title 3 of this code.

§ 5. Title 3 of the Administrative Code of the city of New York is hereby amended to add a new chapter 8 to read as follows:

Chapter 8

Transition and Inaugural Donations and Expenditures

§ 3-801. *Transition and inauguration donations and expenses.* 1. Candidates elected to the office of mayor, public advocate, comptroller, borough president, or member of the city council may authorize one or more entities, other than a political committee, for the purpose of accepting donations and loans, and for making expenditures, for transition or inauguration into office. Such donations and loans may not be accepted and such expenditures may not be made on behalf of the candidate prior to the registration with the campaign finance board of each such entity. The campaign finance board shall promulgate rules to establish the time and manner for such registration.

2. Candidates elected to the office of mayor, public advocate, comptroller, borough president, or member of the city council, and the entities they authorize pursuant to subdivision one of this section, shall:

(a) not use funds accepted by a political committee authorized by the candidate for any election to make expenditures for transition or inauguration into office, and shall not transfer funds from a political committee to an entity the candidate is required to register pursuant to subdivision one of this section;

(b) not accept any donation or donations of money, goods, or services from any one individual, corporation, partnership, political committee, employee organization, or entity which in the aggregate exceeds:

(i) four thousand five hundred dollars, in the case of a candidate elected to the office of mayor, public advocate, or comptroller;

(ii) three thousand five hundred dollars, in the case of a candidate elected to the office of borough president; or

(iii) two thousand five hundred dollars, in the case of a candidate elected to the office of member of the city council.

3. Donations that do not exceed the limitations set forth in paragraph (b) of subdivision 2 of this section may be accepted only from political committees that register with the campaign finance board, as shall be provided for in rules issued by such board. Any donation accepted from a political committee that has not registered

with the board prior to making the donation must be returned to the political committee. However, a subsequent donation may be accepted if such political committee registers with the board in accordance with the rules issued by the board.

4. To the extent not repaid by the date of the candidate's inauguration into office, a loan received by such entity shall be deemed a donation subject to the limits and restrictions set forth in paragraph (b) of subdivision 2 and subdivision 3 of this section.

5. Each transition and inauguration entity authorized pursuant to subdivision one of this section shall report to the best of the candidate's, treasurer's, and entity's knowledge, to the campaign finance board every donation of money, goods, or services, and every loan, it receives, the full name, residential address, occupation, employer, and business address of each individual, corporation, partnership, political committee, employee organization or other entity making, or which is the intermediary for, such donation or loan, and every expenditure it makes. Donations aggregating not more than ninety-nine dollars from any one donor need not be separately itemized in disclosure reports submitted to the campaign finance board. The treasurer of such entity need not collect or disclose the occupation, employer, or business address of any donor making donations aggregating not more than ninety-nine dollars. Such reports shall be submitted at such times and in such form as the campaign finance board shall require and shall be clearly legible. The campaign finance board shall make available to the public a copy of these disclosure reports within two business days after they are accepted by the campaign finance board.

6. The final disclosure report submitted by such entity shall set forth the disposition of any funds remaining after all liabilities are paid, after which the entity shall be terminated.

7. Entities required to be registered pursuant to subdivision one of this section shall not incur liabilities for purposes other than transition or inauguration into office.

8. This section shall apply to every candidate elected to the office of mayor, public advocate, comptroller, borough president, or member of the city council, regardless whether such candidate filed a written certification pursuant to section 3-703 of this code.

9. For purposes of this chapter, the terms "intermediary" and "political committee" shall have such meanings as are set forth in section 3-702 of this code.

§ 3-802. Penalties. 1. Any candidate whose transition or inauguration entity fails to file in a timely manner a statement or record required to be filed by this chapter or the rules of the board in implementation thereof or who violates any other provisions of the chapter or rules promulgated thereunder, and any transition or inauguration entity treasurer or any other agent of the candidate who commits such a violation, shall be subject to a civil penalty in an amount not in excess of ten thousand dollars.

2. In addition to the penalties provided in subdivision one of this section, if the amount of a donation to the candidate's transition or inauguration entity exceeds the limitations contained in this chapter such candidate, such entity shall be subject to a civil penalty in an amount not to exceed three times the sum by which such donation exceeds the applicable donation limitation.

3. The intentional or knowing furnishing of any false or fictitious evidence, books, or information to the board under this chapter, or the inclusion of any evidence, books,

or information so furnished of a misrepresentation of a material fact, or the intentional or knowing violation of any other provision of this chapter shall be punishable as a class A misdemeanor in addition to any other penalty as may be provided under law.

§ 6. If any provision of this local law, or any amendments thereto, shall be held invalid or ineffective in whole or in part or inapplicable to any person or situation, each holding shall not affect, impair or invalidate the remainder of this local law, and all other provisions thereof shall nevertheless be separately and fully effective and the application of any such provision to other persons or situations shall not be affected.

§ 7. This local law shall take effect immediately and shall be applicable to donations and expenditures made on behalf of candidates elected to the office of mayor, public advocate, comptroller, borough president, or member of the city council, other than candidates taking office pursuant to an election held not later than ninety days after such effective date.

THE CITY OF NEW YORK, OFFICE OF THE CITY CLERK, s.s.:

I hereby certify that the foregoing is a true copy of a local law of The City of New York, passed by the Council on August 27, 1998, and approved by the Mayor on September 25, 1998.

CARLOS CUEVAS, City Clerk, Clerk of the Council

CERTIFICATION PURSUANT TO MUNICIPAL HOME RULE LAW § 27

Pursuant to the provisions of Municipal Home Rule Law § 27, I hereby certify that the enclosed local law (Local Law 39 of 1998, Council Int. No. 345-A) contains the correct text and:

Received the following vote at the meeting of the New York City Council on August 27, 1998: 43 FOR, 4 AGAINST, 0 NOT VOTING.

Was returned signed by the Mayor on September 25, 1998.

Was returned to the City Clerk on September 25, 1998.

JEFFREY D. FRIEDLANDER, Acting Corporation Counsel