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McGreevey Signs Landmark Ethics Reform Legislation

Bills Provide A More Accountable and Transparent Government

(TRENTON) – Governor James E. McGreevey today signed into law the strongest ethics and campaign finance reform package in the history of New Jersey – and one of the strongest in the nation.

“Today is a good day for government and a victory for our citizens,” said Governor McGreevey. “From the stronger penalties, to the increased disclosure, to the end of the influence of campaign contributions on no-bid contracts, this reform package provides a more accountable and more transparent government for all. I want to congratulate the citizens, the State Legislature, and the numerous advocacy groups who helped make these reforms a reality.”

The legislation is the most comprehensive ethics and campaign finance reform initiative the State has embarked upon in more than 30 years and makes New Jersey only the fourth state in the entire country to enact a “pay-to-play” ban.

"The numerous positive achievements in this legislation clearly demonstrate how Democrats have seized the initiative on ethics reform," said Senate Majority Leader Bernard F. Kenny Jr. (D-Hudson). "As the Majority Party, Democrats have acted to put us in the right direction after years of inaction by the Republicans. The reforms enacted today are long overdue, but they mark the beginning - not the end - of our commitment to eliminate any perception that those who give the most to political campaigns get favored treatment in the form of lucrative State contracts."

Among the reforms the package are: prohibiting anyone who receives a no-bid contract from making certain political contributions; strengthening legislative ethics; enhancing reporting of legislators' financial disclosure requirements, hidden financial interests, and

conflicts of interests; increasing penalties for ethics and campaign finance violations and for illegally soliciting campaign contributions; and expanding the definition of lobbyist and legislative agent, ensuring that all parties who seeks to influence government are properly disclosed.

One of the main components of the ethics reform package is S-2/A-2, which prohibits state, county or local government officials from awarding no-bid contracts to their campaign contributors and prohibits no-bid contract holders from contributing to officials holding office at the government level in which the contract is in effect.

“This has been a long and winding journey, but today New Jersey sets an unprecedented standard for disclosure and transparency, and takes significant steps to reduce the influence of money in politics,” said Governor McGreevey. “We should be proud of the example New Jersey has set for the rest of the nation, but we must also continue to work together to uphold the highest standards of ethical conduct.”

The ethics reform package signed into law today includes:

- **S-2** -- Prohibits campaign contributions by certain business entities performing State, county and local contracts, as well as prohibits certain contributions by county committee of political party.
- **S-4** -- Extends certain financial disclosure requirements to lobbying conducted through advertisements and direct mail to general public.
- **A-5** -- Change the minimum contribution that needs to be reported to the Election Law Enforcement Commission (ELEC) from \$400 to \$300 and requires the reporting of all cash campaign contributions.
- **A-6** -- Requires professional campaign fundraisers to register and file quarterly reports with ELEC.
- **A-7** -- Expands campaign communications require identification to include telephone calls featuring recorded messages made in regard to candidates and public questions. The message or call would clearly state the name of business or address of the committee, group or person that financed the communication.

"Just as voters have a right to know who is sending them campaign literature, New Jerseyans should see who is behind commercials or advertisements calling for action on a specific bill or regulation under consideration," said Assemblywoman Linda Greenstein (D-Mercer/Middlesex). "Issue ads are nothing more than thinly-veiled political campaign commercials, and all money spent on them should be publicly disclosed."

- **S-8** -- Prohibits the solicitation or making of political contributions on state property by state officeholders or their representatives.

- **A-9** -- Requires Election Law Enforcement Commission (ELEC) to assess its Internet site and recommend improvements for the site's format and content. ELEC) would evaluate the presentation, accessibility, convenience, and usefulness of its Web site and recommend upgrades.
- **S-10** -- Requires certain campaign and organizational treasurers to be trained by ELEC. It also requires ELEC to make the training program available over its Internet site within one year of the bill's enactment.
- **A-11** -- Increases the maximum fines for violating campaign contribution and expenditure limit, reporting requirements and payment restrictions. The bill doubles the maximum fines that may be imposed for a variety of violations.
- **A-12** -- Requires certain election committees/ joint candidates committees to file a report with ELEC within 48 hours of making certain expenditures in excess of \$800 during certain periods of an election cycle.
- **A-14** -- Blocks legislators, Governor and department heads from lobbying activities for one year after leaving office.

"The strong link between government service and private lobbying creates - at a minimum - an appearance of impropriety in the eyes of the public," said Assemblyman Michael J. Panter (D-Monmouth/Mercer). "It also creates the very real possibility that the judgment of an elected or appointed official could be affected by their own financial concerns rather than the public's best interest. The signing of this bill today represents a new era in New Jersey politics, and a step in the right direction toward good government."

- **A-15** – Prohibits employment or assignment of relatives of certain employees of the Executive Branch, independent authorities, and interstate agencies to specific positions. Expands upon last year's nepotism ban by extending the definition of immediate family and including certain Executive Branch departments and commissions.
- **S-16** – Bans any member of the Legislature from acting on legislation in which they or their family member has a personal interest. The bill eliminates the option of filing a personal interest statement and instead prohibits the member from acting on legislation that they have a personal interest.
- **S-17**-- Changes memberships of Executive Commission on Ethical Standards and Joint Legislative Committee on Ethical Standards. The changes equalize the number of public and governmental official members.
- **S-18** -- Increases monetary penalties for violations of "New Jersey Conflicts of Interest Law." The bill increases the fine for civil violations of the conflict of interest laws to between \$500 and \$10,000 for State officers and employees or

members of the Legislature.

- **S-19**-- Requires candidates seeking office of Governor or legislator to disclose prior conviction for criminal offense. Candidates would be required to file a form setting out whether they have been convicted of an indictable crime.

"As legislators, we often consider measures that would require members of the public to undergo criminal background checks or disclose criminal histories prior to consideration for employment," said Assemblyman Jeff Van Drew (D-Cape May). "However, current state law fails to require state elected officials to disclose similar backgrounds. This is more than a statutory anomaly. It is an error in need of immediate correction."

- **S-22** -- Expands the definition of lobbyist and legislative agent to include those who influence the governmental process and actions in the Executive Branch, agency, or instrumentality.
- **A-23** -- Requires ELEC to conduct random audits of records kept by legislative agents. Currently, ELEC has the authority to conduct such audits, but this bill would require them to do so.
- **A-24** -- Directs ELEC to collect \$100 annual fee from legislative agents. The fee would be deposited in the general fund to be appropriated to ELEC. The fee would offset the costs of ELEC's new responsibilities.
- **A-25** -- Prohibits legislative agents from accepting contingency fees to influence legislation or regulations. This bill amends the existing law by eliminating the ability of a legislative agent to enter into a contingency fee agreement with a client. The legislative agent's reimbursement could not be dependent upon the whether or not he or she was successful in trying to influence legislation or regulation.

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