



NEW YORK STATE SENATOR

Andrea Stewart-Cousins

Press Release: Senate Democratic Conference Calls For Passage Of Critical Ethics Reform To Close The “LLC Loophole”

ANDREA STEWART-COUSINS April 27, 2015

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Democratic Senator Daniel Squadron will Today Force a Committee Vote to Close the LLC Loophole and Reform How Campaigns are Funded

Albany, NY - The Senate Democratic Conference today called on the Senate Republicans in the Elections Committee to pass legislation that will close the LLC loophole and help clean up Albany. Due to Republican refusal to even consider this critical legislation, Democratic Senator Daniel Squadron filed a motion for committee consideration to simply have this ethics reform initiative discussed by the Senate Elections Committee. Today's vote on the legislation in the Senate Elections Committee follows decisions in recent weeks by

Republicans in both the State Legislature and the Board of Elections to keep the loophole open.

“The public’s faith in elected officials continues to be shaken due to scandal after scandal that has impacted New York State government,” Senate Democratic Conference Leader Andrea Stewart-Cousins said. “The Senate Democratic Conference has repeatedly called for passage of common sense measures, including closing the LLC loophole, that will restore the people’s faith in state government by cleaning up Albany. I urge my colleagues in the Senate Republican Majority to join with the Senate Democrats to restore the public’s trust and pass meaningful ethics reforms.”

Senate Bill S.60 would close a loophole which currently allows limited liability companies (LLCs) to contribute vast sums of money to candidates for state office. Due to this loophole in state election law, between 2005 and 2013, LLCs contributed over \$40 million to New York State candidates, parties and political action committees. This legislation would close that loophole and reduce the contribution limit for both LLCs and corporations to \$1,000 annually.

Bill Sponsor, Senator Daniel Squadron said, “As the focus continues on this critical ethics reform, it will be disappointing if the Elections Committee vote breaks down along the same partisan lines that the recent budget and Board of Elections votes did. In light of the BOE’s professed arguments, I’m hopeful that the Elections Committee will take a serious look at this issue to prevent unlimited sums of anonymous dollars from perverting our state government and the entire political process.”

DeNora Getachew, Campaign Manager and Legislative Counsel for the Brennan Center for Justice, said, “The Board of Elections’ flawed interpretation of State Election Law created the LLC Loophole. This undermines a campaign finance regime built over decades to prevent special interests from corrupting the political process through exceptionally large donations. The loophole has allowed big donors to circumvent both contribution limits and disclosure requirements put in place to protect the integrity of New York’s elections and government. This month, the Board failed to correct its mistake and close the loophole, despite calls to do so from Gov. Cuomo, the Attorney General and New Yorkers across the state. We are gratified that Senator Squadron is continuing to push for legislation to replace the Board’s misreading of the law, and hope the state’s other leaders will join him in supporting this bill.”

Jessica Wisneski, Legislative and Campaigns Director for Citizen Action of New York, said, “Last year, \$20 million was funneled through shadowy, unaccountable shell companies into the pockets of state and local candidates across the state. The loophole makes a mockery of even the most basic of campaign finance regulations. And when given the opportunity to take action to close the loophole once and for all, Sen. Skelos’ own appointee to the Board of Elections blocked it. Senate Republicans have another opportunity to slow the flood of big money in Albany. It’s time for Senate Republicans to show us where they stand.”

Dick Dadey, Executive Director of Citizens Union, said, “Citizens Union commends Senator Squadron for championing S.60, as this bill requires limited liability companies to abide by the same limits on political spending as corporations. This fixes a long abused loophole that has rendered the state’s campaign contribution limits meaningless and allows millions of extra dollars in contributions into our election system, undermining public trust in our democratic institutions.”

Lauren George, Associate Director of Common Cause New York, said, “It’s time for New York to join the rest of the country on this and end this legalized bribery. LLCs are not people and should not be treated as such. As our reports have shown, follow the LLC money and you’ll find individuals and industries with no limits whatsoever on their use of campaign cash to influence our policy makers. This is a bipartisan issue—allowing this loophole to continue leads voters across the political spectrum to believe that their state government is up for sale.”

Barbara Bartoletti, LWVNYS Legislative Director, said, “The Legislature must seize this opportunity to fight corruption in Albany and reduce the influence of large donors. People, not money, should elect our legislators. Closing the LLC loophole must be enacted to help stop the flow of big money in politics.”

Russ Haven, NYPIRG Legislative Counsel, said, “LLCs could stand for ‘Loading up Lots of Cash,’ because too often they’re used to shovel campaign contributions at levels that should only apply to human donors. Senator Squadron and his conference are proposing common-sense approaches to the ‘LLC loophole’ and it’s way past time for this to get a floor vote.”

Robert Weissman, President of Public Citizen, said, “There’s no point in having contribution limits if motivated super-rich people are easily able to circumvent them. That’s why it’s so imperative that New York close the LLC loophole. If we want a government that represents

We the People, then we can't tolerate a campaign finance system dominated by tiny numbers of the super-rich."

Bill Lipton, Director of the Working Families Party Director, said, "The LLC loophole allows wealthy individuals to skirt already sky-high contribution limits and secretly funnel millions to their preferred candidates. Senator Squadron's bill would begin to level the playing field in Albany, which has been rigged for the 1% and against working families for the past two decades."

This legislation was part of a series of ethics reforms initiatives that the Senate Democratic Conference unveiled earlier this session called the "Clean Up Albany" legislative package. These initiatives would have helped restore the public's trust in state government by restricting outside income, barring elected officials from using campaign funds for criminal defense and personal use and reforming how campaigns are funded and how campaign funds can be utilized.

For more information about the Clean Up Albany package, please [click here](#).