



NEW YORK STATE SENATOR

Daniel L. Squadron

Squadron, Good Gov't Groups Urge Senate Majority to Give "Llc Loophole" Bill Full Senate Vote

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Good Government Groups Deliver Thousands of Signatures to Close Loophole

Push For New Leader to Adhere to Senate Rules

ALBANY – Today, State Senator Daniel Squadron, Common Cause/NY and good government advocacy groups urged Senate Majority Leader Flanagan to hold a full senate vote on Squadron's legislation to close the LLC loophole (S.60). Squadron presented a letter he wrote to Majority Leader Flanagan, explaining the latest Republican effort to block his bill. Good government groups announced the delivery of several thousand petition signatures to close the loophole (Squadron's letter and a sample petition are both attached as PDFs).

Today's press conference hosted by Squadron and Common Cause/NY was also attended by State Senators Hoylman, Krueger and Sanders; Assemblymembers Simon and Ortiz; Citizen Action; MoveOn Albany; NYPIRG; and the League of Women Voters.

In his letter to Majority Leader Flanagan, Squadron urged a full Senate vote on his bill to close the LLC loophole. This follows Squadron's attempt -- and Republican refusal -- to request a Petition for Consideration last week. This petition would ensure S.60 advances to the Senate calendar for a full vote. But Senate Republicans' interpretation of the rules make

it impossible for his bill to be considered within the legislative calendar. Republican reading of the rules also blocked Squadron's bill from receiving a vote in committee earlier this month, even though it was required.

The letter reads, "It has become clear that the Republican Majority has employed faulty logic, disingenuous interpretations of the Senate rules, and loopholes to stymie efforts to reform Albany and finally close the LLC loophole. I have been hopeful that you would bring these tactics to an end upon your elevation to the leadership role within our chamber."

Squadron's letter continues, "As you are aware, scandal after scandal has rocked New Yorkers' faith in state government. For elected officials to regain the public's trust, we must take meaningful steps to address the root causes of corruption in Albany. One of the clearest steps to accomplish this is closing the LLC loophole."

After the press conference, good government groups delivered several thousand petition signatures to the offices of the two State Senators who are blocking this bill to close the LLC loophole – Senator Ranzenhofer and Senate Leader Flanagan.

In New York elections, LLCs are currently not treated as corporations, but as people, with the ability to donate up to \$60,800 to a statewide candidate per election cycle. LLC ownership is not disclosed under the current system, making it nearly impossible to track down contributions to the source of their funding. An individual can contribute unlimited sums to the political system through multiple LLCs without transparency or accountability. More than 5,000 New Yorkers have signed a petition in support of this bill. The Governor, Attorney General, good government groups, and editorial boards across the state have all called for the closing of the LLC loophole. This legislation has already passed the Assembly with strong bipartisan support (A.06975/Kavanagh).

“Our research has shown that the same developer implicated in both public corruption complaints that brought down our Senate Leader and Assembly Speaker this year used the LLC loophole to give over \$12.8 million to candidates in the past 10 years. No one should be allowed such unlimited influence over our state policy. LLCs are not people, this outrageous abuse and the procedural games to preserve it must end,” said **Susan Lerner, Common Cause/NY**.

State Senator Brad Hoylman said, "The 'LLC loophole' really sums up what's wrong with Albany: legal corruption. Corporations are undermining our democratic process by exploiting a gap in the law allowing them to make unlimited contributions to state candidates. I'm glad my colleagues Senator Daniel Squadron and Assemblymember Brian Kavanagh are continuing to press this defining issue."

Assemblymember Simon said, "The Assembly voted to close the LLC loophole – the single most important step we can take to restore the public's trust by preventing LLCs from pouring millions of dollars each year into political candidates' campaigns. I call on the Senate to demonstrate its fidelity with the public trust, follow its own rules and bring Sen. Squadron's bill to the Corporations Committee and then to the floor for a vote."

"I join my colleagues and urge the Senate to close the LLC loophole. Limited Liability Corporations should be treated as corporations, not as individuals. We must not allow big donors and special interests to avoid New York's sky-high campaign finance limits," said **Assistant Assembly Speaker Felix W. Ortiz**.

"CEO campaign cash has broken our democracy," said **Karen Scharff, Executive Director of Citizen Action of New York**. "When billionaire realtors, hedge fund managers and CEOs buy huge tax breaks or block legislation that helps working families, we all pay the price. New

Yorkers can no longer afford a state government that is selling public policy decisions to the highest bidder."

"The U.S. Attorney's criminal complaints against Sheldon Silver and Dean Skelos both demonstrate how the huge sums of legal campaign contributions that flow to New York politicians from donors' use of the LLC loophole are corrupting our political system. The exploitation of this method of giving must end so that these contributions are no longer counted as gifts from individuals because a LLC is not a person and doesn't vote. Citizens Union commends Senator Daniel Squadron for working to close this loophole and making it the #1 reform priority in Albany before session ends next month. We call on the Senate leadership to remove any obstacles to a full vote of the senate on S.60 immediately," said **Dick Dadey, Executive Director of Citizens Union.**

Barbara Bartoletti, League of Women Voters of NYS 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. The LLC loophole must be closed to help stop the flow of big money in politics."

"The LLC loophole is probably the worst of all the legal mechanisms of corruption in NYS politics. It allows anyone, with the money to do so, to form 'sham companies' and donate to politicians as if these companies were people," said **Susan Weber, MoveOn Capital District Organizer.** "Hundreds of thousands of dollars now flood the system and buy policies that benefit the rich—this is wrong."

"The LLC 'loophole' was bad policy from the start. The Board of Elections should never have allowed it and it is even more irresponsible that they leave it in place. Lawmakers come to Albany to solve problems, the LLC loophole is a big one. The Senate should act," said **Blair**

Horner of the New York Public Interest Research Group (NYPIRG).