

New York City Campaign Finance Board

Notice of Public Hearing and Opportunity to Comment on Proposed Rules

What are we proposing? We are proposing amendments to the Campaign Finance Board's ("Board") rules regarding expenditures made for the purpose of furthering a candidate's selection as Speaker of the City Council.

These amendments are being made to clarify the requirements applicable to candidates who wish to use campaign funds to run for Council Speaker.

When and where is the Hearing? The Board will hold a public hearing on the proposed rules online. The public hearing will take place at 10:00 a.m. on June 1, 2021.

Join through the Internet:

- To join the hearing via your internet browser, click on the following URL link: <http://www.nyccfb.info/media/advisories/public-meeting-december-proposed-rules/>.
- Then, follow the instructions to join the meeting using Microsoft Teams in your browser or on your device.

How do I comment on the proposed rules? Anyone can comment on the proposed rules by:

- **Website.** You can submit comments to the Board through the NYC rules Web site at <http://rules.cityofnewyork.us>.
- **Email.** You can email written comments to Rules@nyccfb.info.
- **Mail.** You can mail written comments to Bethany Perskie, Deputy General Counsel, Campaign Finance Board, 100 Church Street, 12th Floor, New York, NY 10007.
- **Fax.** You can fax written comments to the Board at (212) 409-1705.
- **Speaking at the Hearing.** Anyone who wants to comment on the proposed rules at the public hearing must sign up to speak. You can sign up before the hearing by calling Bethany Perskie, Deputy General Counsel, at (212) 409-1861. You can also sign up in the hearing room before the hearing begins. You may speak for up to three minutes.

What if I need assistance to participate in the hearing? Accessibility accommodations are available. If you require assistance to participate in the hearing, you must contact the Board to request a reasonable accommodation at the hearing. You can also request a reasonable accommodation by email at Access@nyccfb.info or by phone at (212) 409-1800. Advance notice is required to allow sufficient time to arrange the accommodation. Please request any accommodations by May 27, 2021.

Is there a deadline to submit written comments? Yes, written comments must be submitted by June 1, 2021.

Statement of Basis and Purpose of Proposed Rules

The Campaign Finance Board (the “CFB” or “Board”) is a nonpartisan, independent City agency that empowers New Yorkers to make a greater impact in elections. The CFB administers the City’s campaign finance system, overseeing and enforcing the regulations related to campaign finance and holding candidates accountable for using public funds responsibly. The CFB publishes detailed public information about money raised and spent in City elections by candidates and independent spenders, and engages and educates voters through community outreach, the Voter Guide, and the Debate Program.

The CFB is proposing amendments to several of its rules regarding expenditures made for the purpose of furthering a candidate’s selection as Speaker of the City Council. Candidates who receive public funds may make post-election expenditures only for very narrow purposes related to winding down the campaign and responding to the post-election audit. However, in recognition of the fact that a significant portion of expenditures related to the Speaker’s race may be made after the election, the CFB is allowing elected candidates who received public funds to make such expenditures either from a segregated account, or from a transition and inauguration entity. The following is a summary of the substantive changes.

Summary of Proposed Rules

Section 7-07 is amended to provide that, for elected candidates who receive public funds, expenditures for the Speaker’s race may be made after the election from a segregated bank account. Contributions deposited into a segregated bank account are not matchable and must be accompanied by a contribution card attesting that the contributor is aware that the funds will be deposited into a segregated account and used for specific purposes as enumerated in section 7-07(a).

Section 9-02(c)(i) is amended to replace the phrase “winding up” with “winding down.”

Section 13-03(b)(i) is amended to provide that expenditures for the Speaker’s race may be made from a transition and inauguration entity (TIE).

New material is underlined.

[Deleted material is in brackets.]

§ 1. Subparagraph (F) of paragraph (ii) of subdivision (a) of section 7-07 of chapter 7 of title 52 of the rules of the city of New York is amended to read as follows:

(f) expenditures made for the purpose of furthering the candidate’s [election to the position of] selection as Speaker of the City Council.

§ 2. Subdivision (e) of section 7-07 of chapter 7 of title 52 of the rules of the city of New York is amended to read as follows:

(e) Any funds remaining in a segregated bank account after the election must be returned to the contributors whose contributions were deposited into the account, or, if that is impracticable, to the Fund, on or before December 31 in the year following the year of the election; provided, however, that expenditures made for the purpose of furthering the candidate's selection as Speaker of the City Council may be made from a segregated bank account after the election, but no later than the financial disclosure cut-off date of the first semi-annual disclosure statement in the year following the year of the election.

§ 3. Paragraph (i) of subdivision (c) of section 9-02 of chapter 9 of title 52 of the rules of the city of New York is amended to read as follows:

(i) Before repaying campaign funds remaining in the committee bank account, a candidate may make post-election expenditures only for routine activities involving nominal cost associated with winding [up] down a campaign and responding to the post-election audit. Such expenditures may include: payment of utility bills and rent; reasonable staff salaries and consultancy fees for responding to a post-election audit; reasonable staff salaries and legal fees incurred prior to the date of the issuance of the candidate's final audit report and associated with defending against a claim that public funds must be repaid; a post-election event for staff, volunteers, or supporters held within 30 days of the election; reasonable moving expenses related to closing the campaign office; a holiday card mailing to contributors, campaign volunteers, and staff; thank you notes to contributors, campaign volunteers, and staff; payment of taxes and other reasonable expenses for compliance with applicable tax laws; and interest expense. Routine post-election expenditures that may be paid for with remaining campaign funds do not include such items as post-election mailings other than as specifically provided for in this paragraph; making contributions; or making bonus payments or gifts to staff or volunteers. Campaign funds remaining in the committee account may not be used for transition and inauguration activities.

§ 4. Paragraph (i) of subdivision (b) of section 13-03 of chapter 13 of title 52 of the rules of the city of New York is amended to read as follows:

(i) Funds raised for a TIE may not be used for any purpose other than transition or inauguration expenses. Expenses related to the holding of office, or related to any past or future election, are prohibited. The following are examples of types of expenditures that are presumed to be TIE-related:

(A) Transition[.]

- (1) Conferences and seminars related to city government and elected service;
- (2) Costs related to seeking and selecting city office staff;
- (3) Payroll and consulting fees directly related to transition; [and]
- (4) Costs related to fundraising to pay for transition expenses[.]; and

(5) Expenditures made for the purpose of furthering the elected candidate's selection as Speaker of the City Council.

**NEW YORK CITY MAYOR'S OFFICE OF OPERATIONS
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**CERTIFICATION / ANALYSIS
PURSUANT TO CHARTER SECTION 1043(d)**

RULE TITLE: Amendment of Rules Regarding Expenditures for Election as Speaker of City Council

REFERENCE NUMBER: CFB-13

RULEMAKING AGENCY: Campaign Finance Board

I certify that this office has analyzed the proposed rule referenced above as required by Section 1043(d) of the New York City Charter, and that the proposed rule referenced above:

- (i) Is understandable and written in plain language for the discrete regulated community or communities;
- (ii) Minimizes compliance costs for the discrete regulated community or communities consistent with achieving the stated purpose of the rule; and
- (iii) Does not provide a cure period because it does not establish a violation, modification of a violation, or modification of the penalties associated with a violation.

/s/ Francisco X. Navarro
Mayor's Office of Operations

April 21, 2021
Date

**NEW YORK CITY LAW DEPARTMENT
DIVISION OF LEGAL COUNSEL
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212-356-4028**

**CERTIFICATION PURSUANT TO
CHARTER §1043(d)**

RULE TITLE: Amendment of Rules Regarding Expenditures for Election as Speaker of City Council

REFERENCE NUMBER: 2021 RG 126

RULEMAKING AGENCY: Campaign Finance Board

I certify that this office has reviewed the above-referenced proposed rule as required by section 1043(d) of the New York City Charter, and that the above-referenced proposed rule:

- (i) is drafted so as to accomplish the purpose of the authorizing provisions of law;
- (ii) is not in conflict with other applicable rules;
- (iii) to the extent practicable and appropriate, is narrowly drawn to achieve its stated purpose; and
- (iv) to the extent practicable and appropriate, contains a statement of basis and purpose that provides a clear explanation of the rule and the requirements imposed by the rule.

/s/ STEVEN GOULDEN
Acting Corporation Counsel

Date: April 19, 2021