

2005 *post-election* hearing *briefing* book

 December 2005



Doing Business with the City Briefing Book

History of the “Doing Business” Issue in Relation to the New York City Campaign Finance Program

In 1998, a Charter Commission recommended, and the voters approved, an amendment to the City Charter requiring the Board to propose “such rules as it deems necessary” to regulate campaign contributions from those “doing business” with the City. In its consideration of possible rules, the Board was directed by the Charter to balance factors including (1) “the effectiveness of the voluntary system of campaign finance reform, (2) the costs of such system, [and] (3) the maintenance of a reasonable balance between the burdens of such system and the incentives to candidates to participate in such system.”

The Board conducted an extensive study of the issue and crafted draft regulations. Response to a pre-rulemaking solicitation for information and views was extremely disappointing. Nonetheless, the Board issued three alternative versions of “doing business” rules for public comment in the hopes of identifying an effective way to regulate this area. Even with three suggested approaches, the Board received very limited responses and, among those, no consensus on an approach. In order to pursue the issue further, Board staff met both with the Mayor’s Office of Contracts and the City Clerk’s Office to determine the extent to which the information maintained by those agencies could assist the Board in the enforcement of such a rule. Unfortunately, the information collected by both these agencies was inadequate for the purposes of regulation.

After this process, the Board concluded that it had met its Charter obligations and that it would be useless to proceed further to consider promulgating rules without the means to enforce them effectively. The Board also suggested that the Administration in 2000 move forward with a centralized database of who does business with the City.

Current Status

More recently, Mayor Bloomberg has re-raised the issue. He has urged the Board to promulgate rules and has submitted draft legislation which was introduced in the City Council. The Board reiterated its concerns that it had no means to enforce any regulations or a law directed at contributors and voiced its preference to the City Council that legislation be adopted because the Board does not have the power to adopt regulations that address (1) those “doing business” with the City (rather than campaign contributors generally); (2) contributions to all candidates

(rather than those just to candidates participating in the New York City Campaign Finance Program); and (3) contributors (rather than the candidates, who do not have first-hand information about who does business with the City).

The current Administration will be developing a database of those doing business with the City. The Department of Information Technology and Telecommunications will begin to develop a way to make the City's VENDEX system, which contains information about who has contracts with the City, searchable, available to the general public, and in the best of all worlds, compatible with the Board's searchable database of contributions. Board staff will be working with DoITT on this project. Other areas, such as lobbying and land use, for example, will also be included in this effort.

This effort will ultimately permit disclosure and possibly other restrictions on contributions from those doing business with the City. By itself, the development of a database such as this will be a major achievement, placing New York City at the forefront in the United States in yet another reform arena. The Board hopes that, going forward, further progress can be made by collaborative efforts among the Administration, the Council, the Board, and concerned citizens.