



CITIZENS UNION OF THE CITY OF NEW YORK
Testimony before the City Council Committee on Governmental Operations,
State & Federal Legislation
City Hall – April 19, 2024

Oversight Hearing: New York City Lobbying Laws and Reform
Intro 76-2024, Intro 77-2024, Intro 742-2024

Good morning, members of the New York City Council Committee on Governmental Operations. My name is Ben Weinberg, and I am the Director of Public Policy at Citizens Union. Citizens Union is a nonpartisan good government group, working to combat corruption, fight for political reform, and ensure fair and open elections.

We appreciate the opportunity to provide comments today, and we commend Chair Lincoln Restler for holding an oversight hearing dedicated solely to the city’s lobbying laws, a first in many years in this Council. Citizens Union played a pivotal role in previous rounds of lobbying reforms, including landmark legislation passed in 2006 (Local Laws 15, 16, and 17 of 2006) and the work of the 2011 City Lobbying Commission, which culminated in disclosure and transparency improvements (Local Law 129 of 2013).

More than a decade has passed since those last revisions, and it is certainly time for a review of the city’s lobbying system. We note that in 2013, the Council mandated that a new lobbying commission be established in 2016 or 2017, and that requirement is still part of city law (Ad. code §3-212(g)).

Our testimony will focus on the involvement of lobbyists and lobbying firms in political campaigns, contributions to campaigns, and their disclosures. We include comments on the three bills before the Committee today.

SUMMARY OF RECOMMENDATIONS

- Pass Intro 742-2024, which would restrict lobbyists who served as political consultants or fundraised for campaigns from lobbying their former clients.
 - o We ask that the bill be amended to ensure lobbying firms do not avoid compliance by setting up new divisions and affiliated LLCs,
 - o and to apply the lobbying restriction to appointees and staff of former clients.

- Improve transparency of lobbyists’ fundraising and political consulting activities reporting.
 - o The City Clerk should release fundraising and political consulting disclosures on NYCOpenData, include aggregated analysis pulled from those disclosures in the Lobbying Bureau’s annual reports, and provide more details on its enforcement and investigations into compliance with political consulting and fundraising disclosure.
- Introduce and pass legislation that would ban donation bundling by lobbyists and individuals on the Doing Business Database.
- Amend Intro 77-2024 to exclude public servants on the policymaker list and members of boards and commissions from the proposed post-employment restriction on any city agency.
 - o We support expanding the post-employment restriction on any agency for policymakers at the Mayor’s Office and the City Council and for other high-ranking government officials with broad, inter-agency powers.
 - o We support extending the post-employment restrictions for officials at the Mayor’s Office for two years, in line with rules for employees at the Executive Chamber.

RECOMMENDATIONS IN DEPTH

Watchdogs, scholars, and ethics regulators have long been concerned about the perceived or actual undue influence lobbying firms have on the political process. The involvement of lobbyists in campaigns – by supporting candidates financially or professionally - carries the risk of triggering reciprocal favors by a candidate once they become officeholders.

Cognizant of that danger, City lawmakers have restricted the participation of lobbyists in campaigns in several ways: lowered the donation limits for lobbyists who contribute to candidates, made these donations ineligible for public matching funds, made donations bundled by lobbyists ineligible for public matching funds, and required that lobbyists disclose their fundraising and campaign activity.

However, legal loopholes still allow lobbyists, particularly large lobbying firms, to exert improper and unfair influence on elected officials due to their involvement in political campaigns. The following recommendations would help to close those loopholes.

INTRO 742-2024: LIMITS CAMPAIGN CONSULTANTS FROM LOBBYING THEIR FORMER CLIENTS

Summary of bill

Under proposed Intro 742-2024, certain persons and organizations who provided paid political advice for candidates or solicited or collected contributions for candidates would be banned from lobbying those candidates for one year after they were elected to city office.

The restriction would apply to: people who engaged in fundraising or political consulting themselves, divisions in firms that engage in fundraising or political consulting, the employees of those divisions, officers and employees of people who engage in fundraising or political consulting on behalf of firms, and the spouses or domestic partner and unemancipated children of all of the above. The restriction

would only apply if the fundraising or political consulting Services occurred within the two years before the election.

The bill also requires the Campaign Finance Board to provide notice of the new restrictions and sets penalties for violations.

Statement of support

Citizens Union supports Intro 742-2024 (Brewer), which would create a cooling-off period for lobbyists who served as political consultants for campaigns or who fundraised for campaigns.

As anyone who has worked on a campaign knows, the bonds forged in the heat of competition for office can be quite strong. Campaign advisors, managers, consultants, and fundraisers are essential for a campaign's success. Lobbyists who serve political campaigns leverage these bonds to advance their clients, who seek business before city government. Their support of the candidate's election potentially creates a predisposition on the part of the elected officeholder to reciprocate by giving special access or even taking official actions. They are at a much greater advantage to achieve their policy goals than the average constituent of an elected official who seeks to have their voice heard.

Due to that inherent conflict of interests, since 2007, lobbyists and lobbying firms have been required to disclose information about their political consulting and fundraising activities to the City Clerk in a periodic report that details the individuals providing these services, the candidates receiving such services, the charges for the services, and the amount of money raised for each candidate.

Disclosure was a necessary first step. Yet, this 17-year-old legal arrangement has not reduced the number of dual-service firms that support campaigns and lobby city government.

Our analysis of campaign finance and lobbying databases finds that **of the top 50 companies earning the most money for campaign consulting and professional services in the 2021 election cycle, 12 (24%) were lobbyists.**¹ This is a higher rate of dual-service firms in an election than had existed only a few years after the disclosure law was passed.²

This practice is especially beneficial for large lobbying firms, which can provide services to multiple campaigns while representing numerous clients with business before City Hall. For example,

- Pitta LLP provided campaign consulting services to five different campaigns, including winning candidates for mayor, borough president, and the city council, earning a total of \$795,694 in the 2021 election. In the two years following that election, Pitta Bishop & Del Giorno lobbied the City on behalf of more than 120 clients, including before the same elected officials it consulted as candidates, and their appointees. In the process, it made over \$12.7 million from lobbying.
- The Parkside Group provided services to 10 different campaigns in the 2021 election. This was a boon for its lobbying business: though Parkside was not one of the top ten lobbying firms in the

¹ They include: Red Horse Strategies, Mercury Public Affairs, Pitta LLP, HZQ Consulting, Connective Strategies, Greenberg Traurig, Stu Loeser & Co., The Advance Group, Millennial Strategies, Tusk Strategies, Distinctive Public Affairs, Thies & Grenell

² A 2011 Citizens Union report found that 11.5% of the companies earning over \$100,000 for campaign-related services in the 2009 election cycle were lobbyists. Citizens Union, Lobbying Reform Recommendations to the 2011 City Lobbying Commission, May 11, 2011.

years prior to that election, its list of clients grew right after, and it became one of the highest-earning lobbying firms in the city, making more than \$4.2 on lobbying in 2023.

- Most of the major mayoral candidates in the 2021 election received political consulting services from lobbyists or lobbying firms. Lobbying firms involved in mayoral campaigns included Pitta, Tusk Strategies, Greenberg Traurig, Global Strategy Group, Adams Advisors, and others.³ Other large firms, like Davidoff Hutcher & Citron, Cozen O'Connor, and CMW Strategies, organized fundraisers.⁴

The data indicates that disclosure laws have not curbed the problematic practice. As New York heads into another citywide election, it is critical that we move to limit the ability of firms and individuals to lobby the candidates they helped get elected. **New York City won't be the first jurisdiction to try and create a buffer between campaign and lobbying activities:**

- San Francisco forbids campaign consultants and their companies to lobby elected officials who are current clients or were clients in the five years prior, with some exceptions.
- Philadelphia prohibits lobbyists from serving as officers of campaign committees for city office candidates or for PACs controlled by such candidates.
- Alaska bars lobbyists from serving as campaign managers or treasures in campaign committees for statewide or state legislative offices.
- Maryland prohibits lobbyists from serving as treasurer for a candidate for statewide or legislative office, serving on their fundraising committee, or soliciting contributions for them.⁵

Comments on the bill

To strengthen this bill and ensure lobbying firms do not skirt the new restrictions, Citizens Union recommends:

- **Expand proposed lobbying restrictions beyond the campaign division of a lobbying firm**
Under the proposed definition of "person," lobbying restrictions would apply to the division of an organization that engages in fundraising or political consulting. Firms that use one division for lobbying and another for campaign services would not be affected, allowing them to skirt the goal of this policy. Citizens Union recommends including in the definition of "person" the entire organization, if it engages in campaign consulting or fundraising, instead of only a division.
- **Ensure affiliated companies are also restricted from lobbying former clients**
Some lobbying firms provide campaign services under a different LLC, allowing them to legally separate the two activities, even if both companies share personnel and space. The bill should be amended to ensure lobbying restrictions apply to other entities where the campaign consultant/fundraiser is a principal. The Lobbying Law (§ 3-216.1) currently requires fundraising

³ See also, Gotham Gazette, Consultants, Advisors and Staff: Who's Running the Democratic Mayoral Campaigns. May 26, 2021. <https://www.gothamgazette.com/city/10486-consultants-advisors-staff-who-is-running-mayoral-candidate-campaigns>

⁴ NY1, Lobbyists fundraise for Adams 2021 campaign, MAY. 24, 2023 <https://ny1.com/nyc/all-boroughs/politics/2023/05/24/exclusive--lobbyists-fundraise-for-adams-2021-campaign>

⁵ San Francisco Campaign and Gov't Conduct Code, Article II, Chapter 1, [§ 2.117](#); Philadelphia Code [§ 20-1205 \(2\)](#); AK Stat [§ 24.45.121\(a\)\(8\)](#) (2023); MD. General Provisions Code [§ 5-715\(d\)](#) (2022)

and political consulting activities to be reported “whether they are conducted directly by the lobbyist, or through any other entity of which such lobbyist is a principal.”

- **Expand lobbying restrictions to appointees and staff of the elected officials**

Proposed § 3-252 prohibits consultants and fundraisers from lobbying before their former clients once they are in office (“any such candidate or such public servant”), but still allows them to lobby the officeholder’s appointees or staff. However, when lobbying firms serve mayoral candidates, the risk of leveraging campaign relationships for their clients applies to much of the administration, not only the mayor. We recommend applying the lobbying prohibition to subordinates, staff members, or appointees of the former client (“any such candidate or such public servant”). In addition, broader restrictions – for example, limiting lobbying before all the executive branch - can be tailored to persons who provided services to a mayoral campaign.

REPORTING OF LOBBYIST’S POLITICAL ACTIVITIES AND FUNDRAISERS BY THE CITY CLERK

Implementing Intro 742-2024 would be easier if the transparency of lobbying disclosures of fundraising and political activities would be improved. Although lobbyists are required to file a fundraising and political consulting report (“FRPCR”) with the City Clerk’s Lobbying Bureau, those reports are not easily accessible. They are uploaded as PDF files attached to a lobbyist’s periodical filing and are not searchable in the e-lobbyist online database. That information is thus under-utilized by the press and watchdogs, making it harder to identify patterns, violations, or needed improvements.

Fundraising and political consulting disclosures should be released on NYCOpenData and updated regularly. We are encouraged to see that it has been included in the latest Open Data Plan and is scheduled to be published by the end of 2024.

The Lobbying Bureau should also include information from the Fundraising and Political Consulting Reports in its annual reports. The Lobbying Bureau’s annual reports aggregate and analyze important data points pulled from lobbying filings, such as top lobbyists, clients, contracts, topics, and lobbying targets, allowing the public better to understand the lobbying industry in New York City. The same is not done with fundraising and political consulting filings data, except for a basic pie chart about the positions fundraised for. The Lobbying Bureau should publish an analysis of those filings, including the number of fundraisers held by lobbyists, the number of political consulting activities reported by lobbyists, the top lobbying firms per fundraising and political consulting, the aggregate amount raised in those activities, top political committees in fundraising and political consulting reports, and more.

The City Clerk should also provide more details on its enforcement and investigations into compliance with the political consulting and fundraising disclosure. Based on the Lobbying Bureau’s reports, its overall enforcement work is primarily confined to administering late fees, and conducting 45 audits a year. Very few civil penalties have been imposed - a total of \$10,000 in penalties since 2018 - and none have been related to political consulting and fundraising disclosure. The Clerk has never banned a lobbyist from lobbying for “knowing and willful” violations, although it has the power to do so (Ad. Code §3-223(a)). It is unclear whether the Clerk conducts proactive investigations and how many cases it refers to the DOI.

When compared to the political consulting activities reported by political campaigns, it is clear that very few disclosures of political consulting activities are filed by lobbyists. The City Clerk should provide the public with more details on its enforcement activities to find lobbyists who failed to report their political activities or filed incorrect information.

RECOMMENDATION: BAN DONATION BUNDLING BY LOBBYISTS AND INDIVIDUALS ON THE DOING BUSINESS DATABASE

Another way that lobbyists can lend support to candidates or officeholders is by providing financial means for their campaigns. To limit such cases of real or perceived pay-to-play, New York City severely restricts lobbyists and people with business ties to city government from donating money to candidates. Currently, individuals on the Doing Business with the City Database (DBD), including registered lobbyists, can contribute up to \$400 to a citywide candidate, \$320 to a candidate for borough president, and \$250 to City Council candidates. Those donations are not matched with public funds.

However, because of a loophole in city law, those individuals can still skirt their fundraising limit by "bundling" donations from other people and delivering the total amount collected to a candidate.

Citizens Union believes the law should be amended to forbid individuals on the DBD from acting as an "intermediary."

Bundlers, defined as "intermediaries" in the Campaign Finance Act, have raised \$1.4 million in the 2021 election, and almost half a million dollars in the 2023 City Council election. Over 400 people served as intermediaries in the 2021 election, many of them campaign supporters collecting small donations from their friends or associates.

However, a lobbyist's incentive to bundle donations together for elected officials who are in a position to benefit or hurt its clients creates a very real perception of interest-buying. By providing a large amount of money to campaigns, insiders can receive greater access to officeholders once elected.

That is why the American Bar Association recommends banning bundling by lobbyists⁶ and why the State of North Carolina and the City of San Francisco have implemented a similar ban.⁷

Data suggests that in New York City, individuals on the DBD constitute a small portion of intermediaries, but they bundle together larger donations and are responsible for collecting more money than other intermediaries.

While complete data on the number of lobbyists and people on the DBD who are intermediaries is not readily available, it can be deduced by comparing data collected by MOCS and the CFB. Because names are not standardized throughout different databases, aggregated numbers are only an assessment.

A Citizens Union analysis found that of the 414 individual bundlers in the 2021 election, 23 (or 6%) were listed on the Doing Business Database, and they collected only about 2% of the total number of donations bundled in that cycle. Yet the average size of donation they collected (\$580) was more than

⁶ Lobbying Law in the Spotlight: Challenges and Proposed Improvements, Report of the Task Force on Federal Lobbying Laws Section of Administrative Law and Regulatory Practice American Bar Association, January 3, 2011. Accessed through https://campaignlegal.org/sites/default/files/ABA_Task_Force_Reprt_-_Lobbying_Law_in_the_Spotlight_-_Challenges_and_Proposed_Improvements.pdf

⁷ NC Gen Stat [§ 163-278.13C](#) (2022); San Francisco Campaign and Gov't Conduct Code [§ 2.115](#)

double, on average, that of other intermediaries (\$260), and together, they were responsible for about 9% of all money bundled that election.

For example, a president of a company with contracts before the city, whose donation limit was set at \$400, bundled \$45,700 for a mayoral candidate. A registered lobbyist from Queens who represents several real-estate companies and could legally give only up to \$250 for a City Council candidate managed to bundle over \$13,000 in donations for the reelection campaign of Chair of the Land Use Committee. Several top lobbyists bundled for multiple candidates. Lobbyists affiliated with Constantinople & Vallone Consulting, among the largest lobbying firms in New York City, bundled more than \$40,000 total in that election.

Because the 2023 election attracted fewer individual small donations and received less public interest, the share of lobbyists and DBD individuals among bundlers was larger. Citizens Union analysis found that about 10% of intermediaries were on the DBD, collectively raising about 14% of the total money bundled in that election. **In fact, 9 of the 10 bundlers who collected the most money in the last city election were either lobbying firms, their employees, or officials in companies doing business with the city.**

This clear loophole of the city's campaign finance and lobbying laws should be closed before the 2025 election gets closer. Allowing people on the Doing Business Database to use this loophole undermines the goals of our pay-to-play system.

INTRO 76-2024 AND INTRO 77-2024: EXPANDING POST-EMPLOYMENT RESTRICTIONS

Citizens Union is keenly aware of the revolving door problem in city government and has long supported implementing certain restrictions on public employees after they leave government. In recent years, reports of high-ranking officials who left public service, went on to set up lobbying firms, and were able to represent clients before city government in apparent conflicts of interest, have exposed a problem with the city's post-employment restrictions.⁸ Citizens Union supports amending the City Charter to ensure government officials do not misuse their power and leverage after their public service to unfairly benefit private interests.

Intro 77-2024 (Restler) would extend the time former employees are forbidden from appearing before city agencies, expand the agencies former officials are forbidden to contact, and increase the number and types of city employees covered by the new restrictions. Intro 76-2024 (Restler) would expand and extend the post-employment restrictions for elected officials. It would require approval by voters.

Citizens Union comments on the bill

- We support the proposed extension of the post-employment restrictions for officials at the Mayor's Office for two years, which would bring it in line with the restrictions on officials at the Governor's Executive Chamber.

⁸ PoliticoNY, Adams' chief of staff to launch global consulting firm, January 4, 2023. <https://www.politico.com/news/2023/01/04/adams-chief-of-staff-to-launch-global-consulting-firm-00076436>; The New York Post, Corey Johnson looking into government relations consulting, December 18, 2021 <https://nypost.com/2021/12/18/corey-johnson-looking-into-government-relations-consulting/>

- We support the proposed expansion of post-employment restrictions on any city agency for public servants on the policymaker list at the Mayor's Office and the City Council and for other high-ranking government officials with broad, inter-agency powers. Those officials impact policies in different parts of city government, and their influence reaches beyond their own agency. Most media reports on this issue in recent years have stemmed from the post-employment activities of these top officials.
- We do not support the proposed expansion of the post-employment restrictions to cover any city agency for all public servants on the policymakers list and all paid members of boards or commissions, and we ask the Council to exclude them from the bill. Citizens Union believes that applying citywide restrictions to such a large group of people – between 2500 and 3000 public servants – would be too prohibitive in cases that do not necessarily rise to the level of conflicts of interest. Most people on the policymaker list work primarily within their own agency, and are covered by other lifetime restrictions that apply to all city employees (related to working on particular matters and disclosing confidential information). We are concerned this restriction could have an adverse effect on the city's ability to recruit and maintain personnel, at a time when city government is struggling with understaffing and filling positions. Similarly, we fear this change would discourage people from joining boards and commissions, where members are often professionals who work in their industry and whose occupation sometimes depends on communicating with city government. We note that board and commission members who are not considered full public servants are not restricted from appearing before any agency of city government while they serve on a commission or board.

Thank you for giving us the opportunity to address you today.

For further information, please contact Ben Weinberg, Director of Public Policy, at bweinberg@citizensunion.org.

APPENDIX: TOP 50 COMPANIES EARNING THE MOST MONEY FOR CAMPAIGN CONSULTING AND PROFESSIONAL SERVICES IN THE 2021 ELECTION CYCLE

Company	Income from political consulting and professional services	Income from all services provided to campaigns	Company lobbying City Government?
Red Horse Strategies	2,357,712	7,444,268	Lobbyist
Mercury Public Affairs	1,817,210	1,817,210	Lobbyist
Assemble	1,562,352	2,105,531	
AKPD	1,555,647	3,463,573	
Left Hook Strategy	1,324,050	4,354,951	
Dunton Consulting	973,444	1,034,944	
Van Ness Creative Strategies L	949,305	949,305	
North Shore Strategies LLC	877,058	2,334,996	
The Strategy Division	873,129	1,332,817	
Pitta LLP	758,747	796,932	Lobbyist
Win Creative LLC	641,461	3,233,943	
Trip Yang Strategies LLC	620,576	1,128,862	
Deliver Strategies	493,418	857,093	
Van Ness Creative Strategies	484,949	817,139	
HZQ Consulting	462,660	508,300	Lobbyist
Conscious Voter	445,936	468,198	
MAURIELLO ENTERPRISES	433,420	461,065	
Connective Strategies	430,218	480,644	Lobbyist
Change Media Group	425,140	1,337,955	
Hamilton Campaign Network	416,654	500,464	
Tulchin Research	372,060	615,090	
Putnam Partners, LLC	347,239	346,652	
Greenberg Traurig	327,438	343,070	Lobbyist
Main Street Communications, LL	310,000	310,000	
Stu Loeser & Co.	308,333	356,625	Lobbyist
The Advance Group	304,304	750,952	Lobbyist
Millennial Strategies LLC	263,282	658,138	Lobbyist
Sole Strategies	259,312	459,836	
New Blue Interactive LLC	256,971	252,371	
Tusk Strategies	250,568	254,304	Lobbyist
Renaissance Campaign Strategies	247,109	517,413	
Berger Hirschberg Strategies L	246,412	361,170	
Stones Phones	243,389	330,554	
In The Field Consulting	234,901	467,319	
Distinctive Public Affairs	217,344	220,056	Lobbyist

GPS Impact	206,944	4,309,168	
The Sexton Group	205,273	224,876	
Precision Strategies, LLC	204,594	849,991	
Brilliant Corners Research	202,200	202,200	
Do Big Things, LLC	200,000	620,000	
Build the Wave NY LLC	193,157	209,157	
Caplin & Drysdale	189,633	177,937	
Momentum Strategic Campaigns	188,685	194,835	
Millennial Strategies	184,641	420,317	
Chism Strategies	182,275	193,275	
Thies & Grenell, LLC	180,000	180,000	Lobbyist
Precision LLC	176,950	221,450	
New Deal Strategies	174,232	282,295	
64 Squares Strategy Group	168,527	205,686	
Digital 99 LLC	165,394	165,394	