

# New Jersey to Regulate Certain 527 and 501 (c)(4) Organizations as ‘Independent Expenditure Committees’

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On June 17, 2019, New Jersey Governor Phil Murphy signed Senate Bill 150 (S150), a campaign finance bill aimed at enhancing disclosure by so-called “dark money” groups operating in the state, including organizations engaged in grassroots lobbying and issue advocacy activities. Gov. Murphy had initially issued a 20-page conditional veto to an identical bill in May, but decided to sign S150 in light of an impending override by the state legislature.

The bill introduces a new creature to be regulated under New Jersey campaign finance law: the “independent expenditure committee” (IEC), defined as a 527 or 501(c)(4) organization that raises or expends at least \$3,000 annually to influence elections; to influence “the passage or defeat of any public question, legislation, or regulation”; or to provide “political information” regarding “any candidate or public question, legislation, or regulation.” As used in the statute, “political information” includes a statement made via virtually any medium that “reflects the opinion of the members of the organization” or “contains facts” about a candidate, public question, legislation, or regulations. In other words, under the new law an organization will qualify as an IEC in New Jersey if it spends \$3,000 or more in a year not only on candidate advocacy, but also on efforts to influence or provide “political information” about legislation, regulations, or any public question.

A group that qualifies as an IEC must file quarterly reports that disclose all incoming contributions of \$10,000 or more – including the identities of the contributors – and all expenditures of \$3,000 or more. IECs are also required to file late reports if they meet certain activity

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## Practice Areas

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thresholds in close proximity to an election.

S150 is already being challenged in federal district court in New Jersey on First Amendment grounds. There is also some discussion that the legislature could pass a "cleanup" bill to address and revise certain provisions of the law, but no timeline or details have been offered for such an effort.