



**TESTIMONY  
OF THE  
NEW YORK PUBLIC INTEREST RESEARCH GROUP  
BEFORE THE  
JOINT HEARING OF THE SENATE FINANCE AND ASSEMBLY WAYS & MEANS  
COMMITTEES REGARDING THE  
FISCAL YEAR 2026-2027 EXECUTIVE BUDGET'S REFORM PROPOSALS CONTAINED IN  
THE GENERAL GOVERNMENT LEGISLATION  
February 11, 2026  
Albany, N.Y.**

The New York Public Interest Research Group (NYPIRG) is a non-partisan, not-for-profit, research and advocacy organization. Consumer protection, environmental preservation, health care, higher education, mass transit, and governmental reforms are our principal areas of concern. We appreciate the opportunity to testify on the Governor's Executive Budget on ethics, transparency, campaign finance, and election law reforms contained in her public protection/general government proposal. Our testimony covers several areas: ethics, voting and elections, and campaign financing.

### **Ethics and Lobbying**

NYPIRG urges that the final budget add funding to the Executive's proposal for the Commission on Ethics and Lobbying in Government (COELIG). COELIG requested \$9.1 million for its budget. The governor's proposal fell short by \$250,000. NYPIRG urges that you restore COELIG's funding to the level it requested.

NYPIRG agrees with the Executive Budget proposal that ethics filings be streamlined. This is a topic that should be discussed publicly, not lumped into a final budget agreement. There can be no denying that the filings need to be modernized, but the governor's proposal seems too small bore, and a broader discussion should be conducted outside of the budget process.

The Public Protection budget imposes late fees of \$25 per day for failure to comply with mandated ethics trainings. The governor anticipates that this move would generate \$750,000 in revenues. The governor also increases lobbyist registration fees from \$200 for each two-year period to \$250 each year, or \$500 for the two-year registration period. The governor anticipates that this would generate \$300,000.

While we have no objection to a fee increase, we'll note one area of concern: An increase in registration fee amounts and frequency could make it even more difficult for small non-profits to engage in their constitutionally protected right to petition the government.

Money raised from such an increase should be used to improve the system lobbyists use to file their required disclosures. NYPIRG joins the call for allocating \$750,000 of the funds that would be generated by the fee increase—a portion of total fees, not the entirety for tech upgrades to its outdated filing systems. This would be a good and appropriate use of new fees paid for by lobbyists, particularly given that internal improvements would be costly and take time away from other state IT projects. We urge you to include this funding in your final budget, along with the \$9.1 million in total operating funds COELIG needs to best fulfill its mission.

### *NON-PROFIT LOBBYING*

As stated above, we urge that any registration fee increase be accompanied by raising the lobbying “floor” below which a non-profit would be exempt from reporting. As you may know, New York’s current lobbying reporting requirements exempt entities that spend less than \$5,000 annually seeking to influence state and/or local governments. There has been legislation introduced (S.2224-A/A.8933) that would increase that minimum threshold to \$10,000 for not-for-profit organizations regulated by the IRS. NYPIRG has been in favor of increasing the registration threshold for several years; increasing the fees only heightens our concerns about the chilling effect of ethics and lobbying compliance on small nonprofits.

Given the impact of inflation and the significantly expanded scope of the definition of lobbying—which now captures (appropriately) far more advocacy than in years past—lobbyists are now required to provide much more detailed and frequent reporting and are subject to more aggressive enforcement than in years past.

The minimum reporting requirement has always existed in New York State law and has been periodically increased due to inflation. In 1977, the reporting requirement kicked in at \$1,000. Since that time the reporting minimum has been increased, but other changes to the law have been enacted as well. For example, in the early years the law covered efforts to “influence legislators, the Governor, and State agencies on certain rules and regulations and the outcome of any rate making proceeding by a state agency.”<sup>1</sup>

Current law has been expanded to include “the adoption, issuance, rescission, modification or terms of a gubernatorial executive order;” and “the outcome of any rate making proceeding by a state agency; any determination: (A) by a public official, or by a person or entity working in cooperation with a public official related to a governmental procurement, or (B) by an officer or employee of the unified court system, or by a person or entity working in cooperation with an officer or employee of the unified court system related to a governmental procurement; (vi) the approval, disapproval, implementation or administration of tribal-state compacts, memoranda of understanding, or any other tribal-state agreements and any other state actions related to Class III gaming as provided in 25 U.S.C. § 2701, except to the extent designation of such activities as ‘lobbying’ is barred by the federal Indian Gaming Regulatory Act, by a public official or by a person or entity working in cooperation with a public official in relation to such approval, disapproval, implementation or administration; (vii) the passage or defeat of any local law, ordinance, resolution, or regulation by any municipality or subdivision thereof; (viii) the adoption, issuance, rescission, modification or terms of an executive order issued by the chief executive officer of a municipality; (ix) the adoption or rejection of any rule, regulation, or resolution having the force and effect of a local law, ordinance, resolution, or regulation; or (x) the outcome of any rate making proceeding by any municipality or subdivision thereof.”<sup>2</sup>

In the early years, the reporting of lobbying was confined to quarterly reports, with, as mentioned earlier, less detailed information being required to be disclosed.<sup>3</sup> Under current law, lobbyists must report every two months and report far more advocacy and in greater detail than in years past.<sup>4</sup>

During those early years, while enforcement existed, it was triggered by failures to report or media coverage. Current law now subjects lobbyists and clients to a random auditing process, significant

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<sup>1</sup> New York Temporary State Commission on the Regulation of Lobbying, “Annual Report 1979,” p. 1.

<sup>2</sup> New York State Legislative Law, section 1-c.

<sup>3</sup> New York Temporary State Commission on the Regulation of Lobbying, “Annual Report 1979,” p. 1.

<sup>4</sup> New York State Legislative Law, section 1-h.

penalties, and a public reporting system that is accessible and searchable on the Internet. Those penalties can include a bar on lobbying.<sup>5</sup>

This more sophisticated enforcement structure, coupled with a more expansive definition of lobbying and reporting requirements, has an impact on smaller entities seeking to impact policymaking. As a result, nonprofits today spend more time and resources producing lobby reports. Commenting on the current system, the organization “Nonprofit New York” said: “This effectively takes the voices of organizations often closest to communities out of the legislative process in New York.”<sup>6</sup> Thus, New York’s system can have a chilling effect on these entities’ constitutional right to petition the government.

This legislation narrowly focuses on the impacts on the not-for-profit community. An even more targeted approach would focus on charities<sup>7</sup> that are already heavily regulated by the Internal Revenue Service and the state Attorney General’s office to ensure that adequate oversight is continued.

Given the complexity of New York’s current law, the impact it has on smaller nonprofits, as well as the rising costs of compliance, **NYPIRG urges that a final budget agreement include raising the lobbying threshold.**

#### *EXPAND THE DEFINITION OF LOBBYING*

New York’s lobbying law currently does not require public disclosure of efforts to influence the nomination or confirmation process for positions requiring Senate approval. This loophole allows lobbying to go unreported and thus allows efforts to influence the appointment of important state positions to occur out of the public’s view.

NYPIRG urges the Legislature to address the lack of transparency around lobbying to influence gubernatorial appointees (S.374/A.7456) in the final budget. The current loophole, for example, hypothetically would allow utility companies to lobby for nominees to the Public Service Commission and be able to do so outside of public view. In that case, advocating to influence utility rates *is* lobbying, but advocating to determine who makes the decision on those rates is *not*. It is crucial for the public accountability of New York’s government that efforts to advance or oppose a nomination be regularly and publicly disclosed.

Lobbying on efforts to influence nominations should be publicly reported. State agency heads set the regulatory agenda for government agencies, and the Court interprets state law. Influencing which individuals are appointed is a clear example of lobbying to impact on the policies of New York State. As such, those activities should *at least* be publicly disclosed. **We strongly urge you to include this measure as an obvious and necessary requirement.**

**On a related note, the governor proposes to amend the procurement lobbying law to exclude advocacy on contracts valued under \$50,000 as compared to the current legal limit of \$15,000. NYPIRG urges that you reject that proposal.**

In addition, we urge that the lobbying law’s disclosure requirements be expanded to determine whether the advocate supported or opposed a policy. Under current law, lobbyists disclose, for example, the legislation on which they advocated, but they are *not* required to report whether they supported or opposed that

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<sup>5</sup> New York State Legislative Law, section 1-o.

<sup>6</sup> Nonprofit New York, “A Place at the Table Policy Brief: New York State’s Lobbying Act,” May 9, 2022.

<sup>7</sup> IRS 501 (c)(3)

legislation. Assembly bill 9559 is a model to work from. NYPIRG urges an expansion of the law in this area as well.

*RECOMMEND THAT STATE AND NEW YORK CITY ETHICS REGULATORS WORK TO HARMONIZE THEIR REPORTING REQUIREMENTS*

Disclosure requirements by the state and city lobbying laws are similar, but different. Penalties for errors can be significant. New York City’s sophisticated enforcement structure, coupled with a more expansive definition of lobbying and reporting requirements, has an impact of smaller entities seeking to impact policymaking. As a result, nonprofits today spend more time and resources producing lobby reports. Thus, New York’s system can have a *chilling effect* on these entities’ constitutional right to petition the government. This cuts against the laudable City policies that encourage and invite constituents into the public decision-making process.

**NYPIRG urges that you direct COELIG to initiate direct discussions with its City counterparts to review the state and city laws, develop materials to help the advocacy community meet compliance standards, and propose measures to “harmonize” those laws.**

Both city and state regulators review each other’s filings to identify organizations that report lobbying on city issues and yet do not report to the state or vice versa. Of course, that situation can exist given the differences in lobbying definitions. However, not only would the development of a standard approach to lobbying help those currently involved in such advocacy, but it may bring “off the sidelines” entities that are too cautious and thus whose voices are currently not heard. That would be good for democracy.

Lobbying has the potential to contribute to the democratic process and provide decision makers directly with valuable insights and data. However, without transparency and integrity, it can be used to steer public policies away from the public interest, particularly if a small group of powerful interests use their wealth and power towards unfair advantages.

We urge your support for the measures under consideration. We urge that you also take steps to get state and city lobbying requirements to match.

*STRICTER LIMITS ON OUTSIDE INCOME OF MEMBERS OF THE EXECUTIVE*

Former Governor Cuomo’s ongoing efforts to protect his \$5 million payment for a book written during the Covid pandemic underscores the need for strong legislation. As you know, COELIG had begun an investigation into whether Cuomo had violated the law in the use of his staff to research and write the book for which the former governor was so handsomely rewarded. When Cuomo was still governor, his staff had persuaded the ethics agency at that time (then known as the Joint Commission on Public Ethics or JCOPE) to allow the former governor to write a book on his experiences in dealing with the Covid pandemic. The former governor needed that approval since as a full time employee of the state (the New York Governor has the highest salary of any governor<sup>8</sup>) he was not allowed to “moonlight” without ethics approval.<sup>9</sup> No future governor, nor any member of the Executive, should be allowed to obtain outside income without the express approval of the Commission, and any such decision must be made public. Moreover, neither the governor nor any executive branch employee should use government employees to draft documents or advocate for that official to receive permission to obtain outside income.

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<sup>8</sup> Council on State Governments, “State Executive Salaries: Regional and State-level Comparisons,” <https://www.csg.org/2023/01/20/state-executive-salaries-regional-and-state-level-comparisons/#:~:text=The%20average%20annual%20gubernatorial%20salary,a%204.12%25%20increase%20from%202021.>

<sup>9</sup> COELIG, “Outside Activities,” <https://ethics.ny.gov/outside-activities>.

### THE STATE INSPECTOR GENERAL

A report by Albany's *Times Union* illustrated just how the former Administration viewed oversight by the state's Inspector General.<sup>10</sup> According to the deposition of Linda Lacewell, formerly a top lawyer to the former governor and the Superintendent of the Department of Financial Services at the time of his resignation, the state's Inspector General cannot investigate complaints against the governor or the top aides of the governor.

Under New York State law, the Inspector General is empowered to receive and investigate "complaints concerning allegations of corruption, fraud, criminal activity, conflicts of interest or abuse in any entity under the Inspector General's jurisdiction." In short, the IG is supposed to investigate things like harassment of staff or misuse of public resources for personal gain—just the types of allegations being made against the former governor.

Inspectors General are common across the nation. At the federal level, they have similar responsibilities. As you may recall, they did their jobs so well that former President Trump fired some for being too honest.

States and municipalities have IGs too. New York has more than one—there is one for the Metropolitan Transportation Authority and the state's Medicaid program, for example. Yet, New York's law creates a wrinkle: New York State's Inspector General is chosen by the governor and reports directly to the governor's top aide—the Secretary to the Governor.

Since the IG is chosen by and effectively reports to the governor, according to Lacewell, that person has a conflict of interest and therefore cannot investigate the governor. That legal logic may have contributed to the failure of the IG's office to compel the former governor to testify about how he learned of a secret conversation by the former members of the now-defunct Joint Commission On Public Ethics (JCOPE). Leaking confidential JCOPE information is a misdemeanor.

Lacewell's opinion mattered a lot to the then-governor. In the criminal trial of another former top Cuomo aide who was subsequently convicted of corruption and sent to prison, Lacewell was described as the "Minister of Defense"—charged with protecting the former governor from scrutiny.

Of course, Lacewell's opinion was just that, opinion. In contrast, the IG under former Governor Paterson was incredibly active, leading scores of investigations including those against Paterson and his aides.<sup>11</sup> That inconvenient fact was not part of the apparent worldview of the Cuomo team.

But the revelations highlight a problem in state law: The Inspector General is simply not independent enough of the governor and his or her aides.

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<sup>10</sup> Bragg, C., "Lacewell: Inspector general can't investigate governor, secretary," Albany Times Union, December 2, 2021, [https://www.timesunion.com/state/article/Cuomo-aide-Investigators-appointed-by-Cuomo-16666523.php?utm\\_source=newsletter&utm\\_medium=email&utm\\_content=headlines&utm\\_campaign=tu\\_capitolconfidential&sid=5931827c3f92a45314a7c87d](https://www.timesunion.com/state/article/Cuomo-aide-Investigators-appointed-by-Cuomo-16666523.php?utm_source=newsletter&utm_medium=email&utm_content=headlines&utm_campaign=tu_capitolconfidential&sid=5931827c3f92a45314a7c87d).

<sup>11</sup> Most notably, see Office of the Inspector General report, "Investigation Regarding the Selection of Aqueduct Entertainment Group to Operate a Video Lottery Terminal Facility at Aqueduct Racetrack," October 2010. NOTE: The problems identified in this report have been largely ignored and contribute to an "anything goes unless you're caught" culture in Albany. In addition, the *current* IG has stated that she can investigate the governor, see: <https://www.timesunion.com/opinion/article/Editorial-Big-ethical-loopholes-16680720.php>.

A review of “best practices” nationwide shows that New York’s law falls far short of what the public should expect. The nation’s *Association of Inspectors General* offers model legislation to establish IG offices.<sup>12</sup>

That model legislation calls for IGs to be structurally independent of the entity that they are responsible for monitoring, that there be strict standards for who can be selected (no former top aides to the governor for example), and that IGs be granted guaranteed funding in order to ensure that the agency is financially secure enough to do its job with fear of budgetary repercussions.

Of course, that rule should apply to *all* state-funded watchdog agencies.

Government officials are *public servants* – they sign an oath of loyalty and are held to a fiduciary standard. They are not royalty or dictators. They are charged with serving the needs of the public. In order for the public to have confidence that tax dollars are being used appropriately and that their public servants are behaving ethically and professionally, there must be independent oversight of all public servants—especially the governor, and for that matter, the President.

Accountability is key to maintaining public trust in democracy. State ethics agencies and Inspectors General are central to maintaining that accountability. The public expects that government officials are accountable for efficient, cost- effective government operations and to deter, prevent, detect, identify, expose and eliminate fraud, waste, corruption, illegal acts and abuse.

This public expectation is best served by Inspectors General when they follow the basic principles of integrity, objectivity, independence, confidentiality, professionalism, competence, courage, trust, honesty, fairness, forthrightness, public accountability and respect for others and themselves.

Inspectors General are granted substantial powers to perform their duties. In exercising these powers, Inspectors General regard their offices as a public trust, and their prime duty as serving the public interest.

While this testimony has focused on structural oversight issues, we urge you to look carefully at the Code of Ethics in Public Officers Law section 74. This section is more a set of modest aspirations than bright-line, enforceable standards that provide public servants clear guidelines for conduct and enforcement agencies useful tools to protect the public integrity.

#### *RESTORE THE POWERS TO THE STATE COMPTROLLER*

We urge you to reject the Executive Budget’s proposals to reduce the Comptroller’s oversight power by exempting smaller dollar contracts from pre-contract review. Beyond the PPGG Article VII bill, State Operations, Capital Projects and Aid to Localities appropriations bills contain additional provisions that remove the Comptroller’s pre-audit authority over procurement, including for water infrastructure projects, New York State tourism advertising contracts administered by ESDC, programs to assist non-citizens, among others.

The State Comptroller is a separate office established in the state Constitution with the expressed responsibility.

“The comptroller shall be required: (1) To audit all vouchers before payment and all official accounts; (2) to audit the accrual and collection of all revenues and receipts; and (3) to prescribe such methods of accounting as are necessary for the performance of the foregoing duties.”<sup>13</sup>

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<sup>12</sup> Association of Inspectors General, “Model Legislation For the establishment of Offices of Inspector General,” see: <https://inspectorsgeneral.org/>.

<sup>13</sup> New York State Constitution Article 5, Section 1.

While it is true that the Legislature has the power to “define the powers and duties and may also assign to him or her,”<sup>14</sup> there can be no doubt that such “powers and duties” should be the result of careful review and the input of the Comptroller. We have seen no such analysis as to why the powers of the Comptroller should be reduced. NYPIRG urges that you reject all of the governor’s proposed limitations.

## Voting and Elections

NYPIRG urges you to support the Executive Budget’s proposal that funds the State Board of Elections at \$142.2 million. In addition to that funding, we urge you to consider reforms to further improve the state’s elections.

Much has been done to try to improve voter participation in New York. Once at or near the bottom in voter eligible participation, the many changes enacted over the past few years have yielded tangible, positive results. However, in last year’s election, a significant slide backward occurred. **New York’s voter participation (57.9%) among its voter eligible population dropped to the 43rd lowest in the nation and far below the national average (64%) and the worst ranking in 20 years.**<sup>15</sup>

As seen below, New York has been significantly below the national average in its voter participation rates over the past six Presidential election years. Yet, in 2024, it hit its lowest point.<sup>16</sup> Despite recent significant, positive, election reforms, the state’s participation rate continues to slide.

Year	NYS Voter Eligible Participation % Ranked Among States (High Rate Means Lower % Turnout)
2004	36
2008	37
2012	37
2016	38
2020	42
2024	43

There can, of course, be many reasons for this lackluster performance. Lack of voter motivation can drive down voter turnout, but despite a serious effort to improve New York’s election laws, turnout remains dismal.

However, the problem has been so persistent and resistant to reform, we urge that you force a thorough review of New York’s elections systems to identify why New York lags behind most of the nation.

While many dedicated board staff and poll workers worked tirelessly before and on Election Day, the problems many voters faced are undoubtedly systemic. Thus, policymakers need to focus on voter registration, voter education, Election Day operations and the administration of elections, and the effectiveness of recent reforms or these same problems will persist— to the continuing diminution of New York’s democracy.

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<sup>14</sup> Ibid.

<sup>15</sup> U.S. Elections Project, “2024 November General Election Turnout Rates,” <https://election.lab.ufl.edu/2024-general-election-turnout/>. We used “voter eligible population” (“VEP”) for these percentages.

<sup>16</sup> U.S. Elections Project, we used VEP for 2004-2020, <https://www.electproject.org/election-data/voter-turnout-data>.

The testimony offers our insights into problems and our recommended solutions. There are two areas that deserve attention in the budget: elections administration and registration of new voters located on college campuses.

*We are requesting that you examine how campuses and county boards are implementing current law allowing the placement of polling places on college campuses, in particular how colleges are informing and registering college-aged students, and ways the state might improve college voting.*

The two major political parties, through the New York State Board of Elections, run New York State's elections. At every level, Democrats and Republicans run two essentially separate agencies to conduct and monitor elections. This organizational structure was created so that both political parties would have equal ability to monitor the other and thus ensure fairly run elections.

Over the years, that system has allowed for political patronage, collusion between the parties at the expense of the public, scandals, and incompetence. The past decade of elections has shown that, if nothing else, the public is fed up with the long lines, disenfranchisement, lost ballots, and partisan arrogance. They want reform. Instead of relying on the political parties to watch out for the voters' best interests, an independent, non-partisan, professional agency should replace this aging, failing system. However, there is one significant limit to reform of the Board of Elections—the New York State Constitution.

The Constitution states:

[Bi-partisan registration and election boards]

§8. All laws creating, regulating, or affecting boards or officers charged with the duty of qualifying voters, or of distributing ballots to voters, or of receiving, recording, or counting votes at elections, shall secure equal representation of the two political parties which, at the general election next preceding that for which such boards or officers are to serve, cast the highest and the next highest number of votes. All such boards and officers shall be appointed or elected in such manner, and upon the nomination of such representatives of said parties respectively, *as the legislature may direct.*

This provision locks in the requirement that the two major political parties “shall secure equal representation” in the administration of elections. Moreover, that all election “boards and officers shall be appointed or elected in such manner” — “as the legislature may direct.”

However, it *does not say* that the state must have county boards of elections, that every employee must have an opposing political party counterpart, or that the political parties decide who among their ranks are to be placed in elections administration positions or designated as “officers.”

Reform must therefore come as two proposals.

*First*, a plan that strips away political party control over the “gears” of the elections, while meeting the constitutional mandate that the two major parties are equally represented on the “boards and officers.” In addition, while the constitution states that such “boards and officers” must be chosen “upon the nomination of such representatives of said parties respectively” it specifies only “as the legislature may direct.” This clause allows the legislature to restrict the types of individuals that the political parties may advance.

*Second*, consider reforms that change the state Constitution and replace the state Board of Elections with a nonpartisan, independent, professional agency with a constitutionally mandated minimum level of funding

to run elections. We urge review of New York’s election law enforcement and advance reforms that match up with the nation’s “best practices.”<sup>17</sup>

### *AI*

NYPIRG supports the disclosure of AI content in campaigns. We further support a prohibition on airing certain “deepfakes” just before an election provided the language reflects a compelling state interest that makes it constitutionally defensible.

## **Campaign Finance**

NYPIRG urges you to support the Executive Budget’s proposal that funds the Public Campaign Finance program at \$116.1 million. In addition to that funding, we urge you to consider reforms to further improve the state’s elections. New York’s still too high campaign contribution limits must be lowered, as well as limits placed on donations to housekeeping accounts. Better disclosures are necessary. We also urge that you place unique restrictions on the campaign fundraising of lobbyists.

New York has long been on notice of the failure of its state’s campaign finance law. Nearly thirty years ago, the final report of the Commission on Government Integrity was issued. The Commission’s report condemned New York’s lax ethical standards, calling them “disgraceful” and “embarrassingly weak.” The Commission then scolded state leaders for failing to act: “Instead partisan, personal and vested interests have been allowed to come before larger public interests.”<sup>18</sup>

### *CAMPAIGN CONTRIBUTION LIMITS*

New York State relies on private donations to fund its political campaigns. As mentioned above, New York dramatically lowered contributions that can be made to candidates for political office. The maximum contribution for statewide offices is \$18,000. And while that is down significantly from the past (\$47,100 in the general), it is still well above the national average of \$6,645.<sup>19</sup>

Since New York State has very high campaign contribution limits, candidates focus their fundraising on those who can give the most—and those individuals and entities frequently have business before the government. For example, between 3/5 and 2/3 of all the money entering the political system comes from lobbying firms or their clients.<sup>20</sup>

In addition, New York’s sky-high contribution levels have fueled a shift away from smaller donors toward reliance on bigger ones. This reliance undermines the public’s involvement in a system that can only be described as a money chase. Whether the as-yet-untested system of public financing offsets this money chase will be seen sometime in the future.

### *MEANINGFUL LIMITS ON DONATIONS TO “HOUSEKEEPING ACCOUNTS”*

New York exempts from contribution limits donations to so-called “housekeeping” accounts for “party building activities.”<sup>21</sup> There have been widespread abuses of this exemption. Candidates for office must

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<sup>17</sup> Coalition for Integrity, “The State Campaign Finance Index 2022,” June 21, 2022, <https://www.coalitionforintegrity.org/state-campaign-finance/>.

<sup>18</sup> New York State Commission on Government Integrity, “Restoring the Public Trust: A Blueprint for Government Integrity,” Volume 1, December 1988.

<sup>19</sup> National Conference of State Legislatures, “State Limits on Contributions to Candidates, Overview,” <https://www.ncsl.org/elections-and-campaigns/campaign-contribution-limits-overview>.

<sup>20</sup> NYPIRG released analyses of these three regions on April 19, May 30, and May 31, 2013.

<sup>21</sup> New York State Election Law §14-124(3).

use campaign contributions for all of their administrative costs and the same should be true for the political parties. The housekeeping loophole has allowed donors to circumvent New York’s already-weak campaign limits. New York must place meaningful limits on “housekeeping accounts.”

#### *DISCLOSURE OF CAMPAIGN FINANCE “BUNDLERS”*

While lobbyists give large amounts of money directly from their bank accounts, they can deliver even more through “bundling” money on behalf of their clients. Participants in this practice multiply their political contributions and influence by aggregating checks written by members, clients, or associates. Other governments, notably New York City’s, require committees to disclose which of their donations were bundled and by whom.<sup>22</sup> **Bundling is a key way in which lobby firms magnify their influence and ingratiate themselves to decision makers.** It is difficult, however, to establish exact numbers reflecting the extent of this process. New Yorkers deserve to know which interests have bought access to their elected officials; complete disclosure of bundling is the only way for them to do so.

#### *CONTRIBUTIONS FROM LOBBYISTS*

Due to their positions, connections and systems knowledge, lobbyists play an outsized role in helping candidates raise campaign money. A number of states place restrictions on campaign contributions from lobbyists, particularly during the legislative session. According to the National Conference of State Legislatures, 18 states have restrictions on campaign contributions by lobbyists, with 12 of those states prohibiting lobbyists from making campaign contributions during the legislative session.<sup>23</sup>

Currently, lobbyists play a central role in funding the campaigns of candidates for state office and then circling back once they are elected to plead for favors. This situation places elected officials in an untenable situation and creates an obvious conflict of interest. While the documentation of this has been overwhelming and goes back decades, recent media reports underscore lobbyists’ role in fundraising for the governor.

A brazen example of New York’s weak campaign financing system is that it allows elected officials to solicit lobbyists for donations while the Legislature is considering new laws and while the executive is considering new regulations. The result is that the line between lawmaking and fundraising is virtually erased.

There is nothing more unsettling for those who believe in democracy and representative government than lobbyists forking over campaign dollars to elected officials at night while they ask for favors during the day. As a Court stated when it upheld the unique campaign contribution restrictions found in the state of Tennessee’s law:

*“Any payment made by a lobbyist to a public official, whether a campaign contribution or simply a gift, calls into question the propriety of the relationship.”* [The U.S. Court of Appeals for the 4<sup>th</sup> Circuit, *Preston v. Leake*, 660 F.3d 726, 737 (4th Cir. 2011).]

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<sup>22</sup> New York City Administrative Code Section 3-701 (12) defines bundlers as follows: “The term ‘intermediary’ shall mean an individual, corporation, partnership, political committee, employee organization or other entity which, (i) other than in the regular course of business as a postal, delivery or messenger service, delivers any contribution from another person or entity to a candidate or authorized committee; or (ii) solicits contributions to a candidate or other authorized committee where such solicitation is known to such candidate or his or her authorized committee.”

<sup>23</sup> National Conference of State Legislatures, “Limits on Campaign Contributions During The Legislative Sessions,” <https://www.ilga.gov/joint/Documents/Articles%20from%20the%20National%20Conference%20of%20State%20Legislatures%20-%20States%20that%20Prohibit%20Campaign%20Contributions%20During%20Legislative%20Sessions.pdf>.

Media reports have disclosed that Albany’s lobbying elite have rushed to fund the governor’s election effort, one describing how “Albany lobbying firms . . . jockeyed to hold private fund-raisers for the governor within weeks of her taking office.”<sup>24</sup>

Of course, lobbyists and their clients do not view their contributions as charitable, they want something in return. And they must believe they get it, or they will not continue to do so. Due to U.S. Supreme Court decisions, there is little that can be done to turn off the spigot of special interest money, but narrowly tailored restrictions can be accomplished. Restrict lobbyists so that their role in lawmaking is one in which they are measured by the depth of their legislative knowledge, not the width of their wallets.

#### *CAMPAIGN DONATIONS FROM VENDORS SEEKING OR ENGAGED IN PROCUREMENT*

The notion that those receiving government contracts can be restricted is not a new concept. The Securities and Exchange Commission (SEC), for example, has enacted a pay-to-play rule.<sup>25</sup> The rule, under the Investment Advisers Act of 1940, prohibits an investment adviser from providing services, directly or indirectly, to a government entity in exchange for compensation for two years after the adviser or an employee or an executive makes contributions to political campaigns of a candidate or an elected official, above a certain threshold.

Moreover, the rule prohibits an investment adviser or an employee or an executive from providing or agreeing to provide payments to a third party, on behalf of the adviser, in order to seek business from a government entity. The only exception to this is whether the third party is a registered broker dealer or a registered investment adviser, in which case the party will be subjected to the pay-to-play restrictions.<sup>26</sup>

Until it was recently significantly weakened,<sup>27</sup> New Jersey had a strong pay-to-play law. That law barred for-profit business entities that “have or are seeking” government contracts from making campaign contributions prior to receiving contracts. Moreover, businesses were forbidden from making “certain contributions during the term of a contract.” These pay-to-play restrictions applied at state, county, and municipal levels of government.<sup>28</sup>

NJ law required contributions over \$300 to be reported, and the contributor’s name, address, and occupation to be identified. A government entity was prohibited from awarding a contract worth in excess of \$17,500 to a business entity that made a campaign contribution of more than \$300 “to the official’s candidate committee or to certain party committees,” specifically to committees that are responsible for awarding the specific contracts.<sup>29</sup>

The older version of the New Jersey law should be a model for New York lawmakers interested in curbing “pay-to-play” campaign financing schemes.

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<sup>24</sup> Fandos, N., “Hochul Outpaces Foes by Raising Record-High \$21.6 Million for Campaign,” *The New York Times*, January 18, 2022, <https://www.nytimes.com/2022/01/18/nyregion/kathy-hochul-fundraising.html>.

<sup>25</sup> Advisers Act Rule 206 (4)-5, addressing pay to play law.

<sup>26</sup> United States Security and Trade Commission, “Advisers Act Rule 206(4)-5 (Political Contributions by Certain Investment Advisers),” <https://www.sec.gov/files/rules/final/2010/ia-3043-secg.htm>.

<sup>27</sup> JD Supra, “New Jersey Overhauls Pay-to-Play and Other Campaign Finance Laws,” <https://www.jdsupra.com/legalnews/new-jersey-overhauls-pay-to-play-and-9093574/>.

<sup>28</sup> New Jersey Election Law Enforcement Commission, <http://www.elec.state.nj.us/pay2play/laws.html>.

<sup>29</sup> New Jersey Business & Industry Associates, “Fast Facts: Complying with New Jersey’s ‘Pay-To-Play’ Law,” <https://www.njbia.org/complying-new-jerseys-pay-play-laws/>.

## Auto Insurance

Throughout the Executive Budget, the governor makes a series of recommendations to curb insurance fraud and other measures that she believes will reduce auto insurance premiums in New York.<sup>30</sup>

There is no doubt that New York has had among the highest auto insurance premiums in the nation for many years.<sup>31</sup> The rate charged by insurers is subject to oversight by New York State government<sup>32</sup> and what was most notable about the governor's proposals was how little was offered to bolster regulation or reform the industry's practices.

Since New York has long had high auto insurance premiums, among the questions that must be asked is why is the governor advancing her measures in 2026? The argument is that auto rates are skyrocketing, in a manner that is different than in years past.

While it is true that premiums have been going up in New York, that is the case nationwide.<sup>33</sup> What is also true is that New York's recent increases are not among the highest in the nation. That sad award goes to the states of Arkansas, California, Colorado, Florida, Minnesota, New Jersey, North Carolina, and Washington.<sup>34</sup>

Louisiana and Florida are often listed among the top states when it comes to auto coverage. Those states "share similar risk characteristics. Both have high vehicle theft rates, frequent extreme weather losses and high rates of insurance fraud. These risk factors are inherently costly to insurance carriers and reinsurance companies, which could explain why both states tend to have high premiums."<sup>35</sup>

This is one issue that cries out for a detailed examination of the root causes of the problem. Let's start off with the observations that auto insurance coverage is mandatory in New York – you can't register or drive your car lawfully without it. As a result, drivers are a captive market and despite the barrage of television and social media ads, insurers make it hard to comparison shop.

For car owners in New York, one obvious problem is that so much of the information collected by the state is not easily obtained by the public. As mentioned above, Louisiana and Florida have seen high auto rates due to some extent as the result of more frequent bad weather. Perhaps the reinsurance industry – the behind-the-scenes insurers who provide coverage for retail insurance companies to protect them from unforeseen risks – is jacking up costs for their coverage and that's driving some of the increase.

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<sup>30</sup> Governor Hochul, "New Proposals Will Battle Fraud, Limit Damages Paid Out To Bad Actors and Ensure Consumers, Not Insurance Companies, Are Prioritized; Builds on Governor's Efforts To Make New York State More Affordable and Put Money Back Into Pockets of New Yorkers."

<sup>31</sup> Rosanes, M., "The top 10 most expensive states for car insurance," Insurance Business, April 23, 2024, <https://www.insurancebusinessmag.com/us/guides/the-top-10-most-expensive-states-for-car-insurance-486233.aspx>.

<sup>32</sup> New York State Department of Financial Services, "General Information for Insurance Companies," [https://www.dfs.ny.gov/apps\\_and\\_licensing/insurance\\_companies](https://www.dfs.ny.gov/apps_and_licensing/insurance_companies).

<sup>33</sup> Rosanes, M., "The top 10 most expensive states for car insurance," Insurance Business, April 23, 2024, <https://www.insurancebusinessmag.com/us/guides/the-top-10-most-expensive-states-for-car-insurance-486233.aspx>.

<sup>34</sup> Jackson, S., "8 States With the Highest Car Insurance Rate Increases," Kiplinger, December 9, 2025, <https://www.kiplinger.com/personal-finance/insurance/car-insurance-rates-keep-rising>.

<sup>35</sup> Martin, S., "The true cost of auto insurance in 2025," Bankrate, <https://www.bankrate.com/insurance/car/the-true-cost-of-auto-insurance/>.

Legislation has been offered that would help the public better understand the underlying expenses of the insurance industry.<sup>36</sup> But that effort has been blocked for many years. This legislation started with a basic premise: require an independent government report on the expenses of the auto insurance industry. A fair review should provide policymakers with a basis for policy changes, if needed. Only when the full data set is publicly available can there be an evidence-based discussion of insurers' claim experience and costs with respect to auto insurance.

Of course, waiting for legislation—even the governor's proposals—takes time and may never happen. But you can ensure that the final budget allows New York drivers to comparison shop for the best insurance deals. Drivers should not be paying hundreds of dollars—if not thousands of dollars—more for their insurance coverage when they easily could be comparison shopping on their home computer, laptop or smart phone.

For almost two decades, New York State produced an annual guide to passenger auto insurance premiums in the state. That publication was recently halted. Other states, however, offer this useful information through modern technology. For example, the state of California provides rate quotes through the Internet.<sup>37</sup> Thus, there is no technological barrier to furnishing personalized auto insurance rate quotes to help consumers comparison shop. The obstacles are purely political.

While the governor has offered her recommendations that purport to curb auto premiums, **the Legislature now has the authority—and the responsibility—to hold public hearings post-budget specifically on her plans, what she left in and what she left out.**

## Utility Ratepayer Protections

New York's residential electricity rates are high relative to the rest of the nation. But that has been true for years. For example, in 2018—the year before the Climate Law was signed—New York's residential electricity rates were ranked the seventh highest in the nation.<sup>38</sup> Recently, New York was ranked eighth highest.<sup>39</sup> Still high to be sure, but the impact of climate change measures didn't make a meaningful difference.

Indeed, the Public Service Commission, the state's utility regulator, recently reported that the state's Climate Law impacted residential ratepayers' electric bills by less than 10 percent (with a much smaller impact on gas bills).<sup>40</sup>

The primary culprit? As the head of the Public Service Commission recently stated, "What we see ... is the biggest drivers, is not batteries, is not wind, it's not solar, it's the aging infrastructure in our system."<sup>41</sup>

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<sup>36</sup> See S.2987-A/A.328-B of 2015.

<sup>37</sup> California Department of Insurance, "2026 Automobile Insurance," [https://interactive.web.insurance.ca.gov/apex\\_extprd/?p=111:10](https://interactive.web.insurance.ca.gov/apex_extprd/?p=111:10).

<sup>38</sup> Positive Change, "Electricity Rates in Your State," January 8, 2019, <https://positivechangeperc.com/electricity-rates-in-your-state-2019/>.

<sup>39</sup> U.S. Energy Information Service, "New York," <https://www.eia.gov/states/NY/overview>.

<sup>40</sup> Kinninburgh, C., "Why Your Energy Bills Are Going Up — Again," New York Focus, September 18, 2025, <https://nysfocus.com/2025/09/18/new-york-energy-bill-hikes>.

<sup>41</sup> Eschen, T., "PSC Chair: Aging infrastructure, not Climate Law, biggest impact on utility bills," CBS 6 TV Albany, October 24, 2025, <https://cbs6albany.com/news/local/psc-chair-aging-infrastructure-not-climate-law-biggest-impact-on-utility-bills>.

By the way, regulators are arguing that modernizing the grid is also needed to protect it from worsening storms and heat waves that are the result of climate change.

New York does have a problem of high utility rates, one shared by its neighbors in the northeast.<sup>42</sup> That problem, however, is a long-standing one and one that requires a structural change to better protect consumers, not one that undermines its Climate Law.

Here is one thing that you can do right away to help.

When it comes to ratemaking and other utility matters, the Public Service Commission and Department of Public Service staff are charged with a dual mission: to both ensure the financial stability of utilities as well as set rates for the public that are “just and reasonable.”<sup>43</sup>

As a result of the inherent tension created by this divided attention, consumers don’t have a full-time, well-resourced advocate for their interests at the crucial decision points that affect utility reliability and affordability. This process means that utility regulators typically only get to hear fully developed arguments from industry sources. The average residential consumer voice can get lost in the cacophony of industry lobbyists, engineers, and economists.

One important step is to strengthen consumer ratepayer protection by repealing Executive Law 94-a that has established the Department of State’s Division of Consumer Protection’s Utility Intervention Unit (UIU) and replace it with a Utility Consumer Advocate office as outlined in Assembly bill 9548.

As you know, currently the state’s chief utility consumer advocate is the UIU. According to the law, UIU represents the interests of New York consumers before federal, state and local administrative and regulatory agencies engaged in the regulation of energy, water and telecommunication services.

However, it is clear that this effort needs to be strengthened. UIU simply does not have the resources or the independence to stand up and fight to protect ratepayers. Legislation to create an independent utility advocate office was approved last year with overwhelming bipartisan support in both Houses, would have established a new office, the Utility Consumer Advocate (UCA). The UCA legislation was modeled on the experiences found in most of the rest of the nation. The Utility Consumer Advocate would exercise independent judgment in advocating for residential ratepayers and have broad authority to represent the interests of consumers in local, state and federal courts and administrative proceedings.

An independent, adequately resourced institutional office has long been needed in New York. This will not only protect residential ratepayers but will advance New York’s Climate Law goals and policies. **In order to meaningfully protect utility ratepayers, we urge you to include this measure in the final budget.**

Thank you for the opportunity to testify.

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<sup>42</sup> U.S. Energy Information Service, “Electric Power Monthly,” [https://www.eia.gov/electricity/monthly/epm\\_table\\_grapher.php?t=epmt\\_5\\_6\\_a](https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a).

<sup>43</sup> New York State Public Service Commission, <https://dps.ny.gov/about-us>.