



## MEMO IN SUPPORT

### [A8232 \(Wallace\) / S7258 \(Krueger\)](#)

#### *Limits Outside Income for Elected Officials*

April 12, 2022

#### **TITLE OF BILL**

An act to amend the legislative law, the public officers law and the executive law, in relation to prohibiting members of the legislature and statewide elected officials from receiving certain income.

#### **SUMMARY OF PROVISIONS**

Section 1 adds a new Section 5-b to the Legislative Law that prohibits legislators from receiving more than 15% of their legislative salary in outside income, with the following exceptions:

- Salary, benefits, or allowances made by New York State;
- Military or National Guard service income;
- Income from ongoing benefits from previous employment (such as pensions);
- Investment income if the member's investment was not a material factor in the production of income;
- Income from family-owned businesses if the member's services are not a factor in the income;
- Copyright royalties; and
- Compensation for services rendered before 2023 or before becoming a member of the Legislature.

This section would also prohibit legislators from:

- Being paid for being affiliated with a firm that provides services involving a fiduciary relationship (unless for a medical practice);
- Permitting use of their name by an entity that provides services involving a fiduciary relationship;
- Compensation for services that involve a fiduciary relationship (except for medical practice);

- Compensation for being a member of a board, association, etc.;
- Compensation for teaching without approval from the Legislative Ethics Commission (LEC); and
- Advance payments on royalties.

Finally, this section requires legislators to receive clearance from the LEC before receiving payment for teaching.

Section 2 adds a new subparagraph f-1 to legislative law Section 80(7) to require the LEC to promulgate rules to the Legislature regarding compensation for teaching positions, and guidelines for the LEC to evaluate these requests.

Section 3 gives the LEC authority to issue penalties for violations of §5-b up to \$40,000 plus value of compensation received for teaching.

Sections 4, 5, 6 do the same for statewide offices as 1, 2, 3 do for legislators respectively. Section 4 adds a new section 74-j to the Public Officers Law to apply outside income restrictions. Section 5 requires JCOPE to promulgate guidelines on compensation for teaching by statewide officials, and Section 6 gives the state's ethics body the authority to issue the same penalties as in Section 3 for statewide officials.

Section 7 states that the bill takes effect on January 1, 2023.

### **STATEMENT OF SUPPORT**

Reinvent Albany supports this bill because we believe that allowing lawmakers to receive substantial outside income erodes public trust in state government.

New York's lax restrictions on outside income have led to countless scandals stem from its lax restrictions on outside income. Most recently, former Assembly Speaker Sheldon Silver and former Majority Leader Dean Skelos were convicted for crimes that involved income for their outside jobs or their family's.

This bill codifies the proposals of the 2018 pay commission, which Reinvent Albany supported, but which were unfortunately struck down by a judge on the grounds that the law needed to be passed by the legislature. These restrictions are largely consistent with those of the United States Congress and state and local legislatures across the country, and passing this bill will help restore faith in a state government that has had no shortage of corruption scandals.

We urge the Legislature to pass the bill.