

Pay-to-Play Spotlight: New York City Expands Rules; Illinois Executive Order Effective January 1

September 2008

New York City

On July 31, 2008, the second phase of New York City's pay-to-play laws came into effect. Thereafter, pay-to-play contribution limits already applicable to certain officers and owners of city contractors became applicable to certain senior managers involved in the solicitation or administration of city contracts. In addition, officers, owners and senior managers of potential contractors also became subject to city pay-to-play laws. Finally, implementation of the second phase increased the scope of the types of contracts covered by the law.

The third and final expansion of the city's pay-to-play laws is scheduled for completion in December 2008.

Illinois

On August 25, 2008, Illinois Governor Rod Blagojevich signed an executive order under which, effective January 1, 2009, entities that have or seek business with the state of more than \$50,000 will be prohibited from making contributions to state officials and candidates. In addition, certain owners, officers and employees of the company holding or seeking contracts, as well as certain entities affiliated with the company, will be covered by the same contribution prohibition.

The executive order is in response to an ethics bill passed by the state legislature in May 2008, which would have barred state contractors from contributing to officials or candidates who awarded their contracts. This bill was returned by the governor to the legislature via an amendatory veto through which the governor would expand the scope of the legislation to cover all state officials and candidates, as well as make additional, unrelated legislative ethics changes to state law.

According to press reports, both houses of the state legislature must either override the amendatory veto or approve the amendatory language, or else the whole bill fails and does not become law. The Illinois House of Representatives overrode the veto on September 10, 2008. The Illinois Senate will have 15 days from that date to act.