

New York City Enacts Pay-to-Play and Other Restrictions

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In early July, New York City Mayor Michael Bloomberg signed a bill (formerly Int. No. 586-A) into law making a number of changes to the city's campaign finance laws. Although a number of the provisions apply only to candidates (e.g., increasing the amount of matching funds), several provisions apply directly to non-candidate individuals and entities.

Most important, the new law enacts a "pay-to-play" provision that severely restricts the ability of certain individuals and entities doing or seeking business with the city to make contributions to candidates for office as well as to transition and inaugural entities. Contributions from these covered persons and their senior management would be limited to \$400 for city-wide races, \$320 for borough-wide races, and \$250 for City Council races, a 90% reduction over the current individual limits.

These restrictions apply to most individuals and entities that have or are bidding on city contracts, concessions, franchises, and grants aggregating to at least \$100,000 over a 12-month period; land use ruling applicants; and parties to discretionary economic development agreements. To assist in monitoring these requirements, the Campaign Finance Board will develop a computerized database of all persons covered by the new restrictions.

In addition to the entities themselves, the database will contain the CEO, CFO/COO, any person employed in a senior managerial capacity, and any person with an interest in the entity that exceeds 10% of the covered entity. There are exceptions to these restrictions for contributions from the candidate and certain relatives. These

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restrictions go into effect 30 days after the Campaign Finance Board certifies that the database is up and running.

The new law also broadens the scope of the city's bundling provision by requiring that anyone who *solicits* contributions to a candidate or authorized committee—where such solicitation is known to the candidate or committee—be disclosed on the candidate's or committee's reports as an "intermediary." Formerly, New York City law only required disclosure of those individuals and entities that actually received and delivered the contributions. The new law contains a blanket exception for individuals who host a campaign fund raiser paid for in whole or in part by the campaign, although non-campaign sponsored events must designate one individual host as the intermediary.

Among a number of other minor changes, the new law extends the ban on corporate contributions to include Limited Liability Companies (LLCs), Limited Liability Partnerships, and other forms of non-incorporated businesses. The law specifically notes that a contribution from an individual whose name is followed by a professional designation (e.g., "M.D.," "Esq.," "C.P.A.," etc.) will not be treated as a prohibited corporate contribution absent specific evidence to the contrary.