

# Pay-to-Play Spotlight: New Jersey Governor Expands Scope of State's Pay-to-Play Laws

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Already possessing one of the most comprehensive pay-to-play system of laws and regulations in the country, New Jersey's pay-to-play laws will extend even further since Governor Corzine signed Executive Orders 117 and 118 in September 2008.

New Jersey already regulates contributions from prospective and current state executive branch contractors, their subsidiaries, PACs and certain owners to gubernatorial campaigns, and state and county political parties. Effective November 15, 2008, contributions from the corporate officers of state executive branch contractors, their spouses and children also will be limited. Moreover, the scope of improper recipients also will expand to cover legislative leadership committees and municipal political party committees. Finally, New Jersey will, for the first time, regulate contributions from entities that enter redevelopment agreements with the state.

In addition to these executive orders, Governor Corzine has stated that he will propose legislation that would, among other things, extend state regulations to cover all localities, ban all contributions from state redevelopers and expand the scope of pay-to-play regulations to cover entities contracting with school districts.

The expansion of restrictions on executive branch contractors is separate and apart from the restrictions on entities that contract with legislative, county and municipal governmental agencies, which were discussed in the November 2007 issue of *Election Law News*. These rules also are separate from requirements of the State Investment Council. Further, there also are detailed rules regarding annual reporting by government contractors with requirements that extend to

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the executives of the contractors, among others.

Because violation of these laws can result in loss of the contract and even debarment from future contracting, companies doing or seeking to do business with a governmental agency at any level in New Jersey must be aware of the myriad of pay-to-play restrictions and reporting requirements that will apply. Companies should actively take steps to implement an internal system that captures its government contracting and informs the proper individuals of the pay-to-play laws and regulations that affect not only the company itself, but also its affiliates, directors, executives and their families.