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NEWSLETTER

Pay-to-Play Spotlight: Pay-to-Play Laws Instituted or Expanded around the Country

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Authors

D. Mark Renaud
Partner
202.719.7405
mrenaud@wiley.law

In the past few months, two states and one locality have either instituted broad pay-to-play campaign finance laws or expanded existing rules. This follows the expansion of New Jersey's pay-to-play rules by Governor Jon Corzine reported in the November 2008 issue of *Election Law News* and continues a multi-year trend.

Illinois
Two Sets of New Pay-to-Play Rules

On January 1, 2009, two pay-to-play regimes became effective in Illinois. One was Governor Rod Blagojevich's Executive Order 2008-3, and the second was Public Act No. 095-0971.

These rules differ somewhat in their scope and in the contributions covered, but, together, they implement a broad ban on political contributions and solicitations by state contractors, bidders for state agency contracts, and their affiliated companies and PACs. Both also ban contributions from executive employees (and their spouses and minor children), although the statute limits the ban to the individual executive employees at the contractor or bidding company. The Executive Order goes further than the statute in that it bans all executive branch political contributions and solicitations by contractors and bidders and also bans contributions to members of the state legislature and to legislative candidates. Companies holding or seeking covered contracts are subject to a registration requirement under the statute (with registrations due by February 2, 2009, from current contractors).

Violation of the statute or the Executive Order can result in the loss of a government contract, and three violations of either in a 36-month period can lead to a three-year debarment from state contracts.

Colorado

Pay-to-Play Laws through a Ballot Measure

On December 31, 2008, a state and local pay-to-play ban passed by the popular vote in November as Amendment 54 became effective. The contribution ban applies to those persons holding sole source contracts with the state or any of its political subdivisions with a cumulative yearly value of more than $100,000. The ban applies to the holder of the contract, its PACs, persons controlling 10% or more of the holder of the contract, and the officers, directors and trustees of the contract holder (and, under certain circumstances, their families).

New York City

Final Rollout of Pay-to-Play Rules

The third and final phase of New York City's pay-to-play laws went into effect on December 3, 2008. The new law extended the pay-to-play contribution limits already applicable to the CEO, CFO, COO and any owner of more than 10% of a company contracting with New York City or any of its agencies to similarly situated persons involved in certain real property transactions and land use actions with New York City or any of its agencies.