

Changes in the States

May 2005

New Jersey

New Jersey Codifies "Pay-to-Play" Ban

On March 22, 2005, Acting New Jersey Governor Richard Codey signed into law a statute that supersedes Acting Governor Codey's Executive Order No. 123 and codifies a parallel "pay-to-play" prohibition on certain campaign contributions. The main part of the new law is retroactive to the original effective date of Executive Order No. 123, October 15, 2004, and applies to all contracts awarded and to all contributions made on or after this date.

The pay-to-play prohibition contained in the new statute is very similar to Executive Order No. 123. Basically, if a business entity, its subsidiary, a 10 percent or greater principal, or a PAC or 527 political organization controlled by the business entity, solicits or makes a contribution to a campaign for a candidate for Governor of New Jersey or to an incumbent Governor or to a state or county political party committee that nominates a candidate for Governor, the business entity is prohibited from being awarded certain state contracts. The contract ban applies for at least 18 months but may be significantly longer.

The prohibition applies to business entities having or seeking contracts with all agencies of the state's executive branch, including independent state authorities, boards, commissions, instrumentalities, and agencies, for the provision of materials, supplies, or equipment or to acquire, sell, or lease land. The prohibition does not apply in emergency situations, in situations when the federal government says the prohibition violates federal law or regulation, or in certain other situations. The contributions that are affected are those that are required to be reported by the recipients under New Jersey law.

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No business entity with a contract or agreement with the state may make a covered contribution prior to completing the contract or work under the agreement. It is a breach of the contract to make or solicit a contribution contrary to the law or to conceal a contribution that has been solicited or made contrary to law. Among other things, the new statute also codifies certain anticircumvention provisions and certification processes related to state contractors. For more information on the underlying details of Executive Order 123, see www.wrf.com/publication_newsletters.cfm?sp=newsletter&year=2005&ID=16&publication_id=11882&keyword=.

Rhode Island

Rhode Island Lowers Gift Limits

Effective April 12, 2005, the Rhode Island Ethics Commission lowered the single gift and calendar-year gift limits applicable to elected and appointed state officials, state employees, elected and appointed municipal officials, and municipal employees. The per gift limit for gifts from "interested persons" to these officials and employees is now \$25 per gift, down from \$75. The aggregate calendar-year gift limit for gifts from interested persons has been lowered from \$450 per year to \$75 per year.

Virginia

Virginia Changes PAC Reporting

On March 14, 2005, Governor Mark Warner of Virginia signed into law former HB 2539, which changes the state's reporting requirements for political committees, including federal PACs registered with the state. Effective with the Governor's signature, PAC reports are now due on a quarterly basis (as opposed to semi-annually). The due dates are April 15 (covering the period from January 1 to March 31); July 15 (April 1 to June 30); October 15 (July 1 to September 30); and January 15 (October 1 to December 31).

In addition, the new statute eliminates the previous eight-day pre-election reports for political committees and instead institutes year-round reporting of large contributions. PACs now must report, within three days of receipt, any contribution or loan received of \$10,000 or more.