

DC Pay-to-Play Law Now in Effect

November 2020

The day after this year's general election – November 4 – the pay-to-play law for the District of Columbia became operational. The District now joins a list of states and localities that includes New Jersey, Maryland, Illinois, Los Angeles, and many others, that regulate political contributions from government contractors and potential government contractors. These laws are aimed at reducing corruption and lowering the cost for acquiring goods and services.

DC's law is a political contribution ban for certain entities and individuals. The entities affected, as a general rule, are those with current business with the District government of \$250,000 or more and those seeking such business. Entities seeking certain tax abatements and tax exemptions are also covered. The individuals covered generally include senior officers at covered entities.

The law also adds a series of reporting and certification obligations, including the provision of a list by government contractors of their covered principals as well as a pre-contract certification that a bidder has not violated the pay-to-play law.

Violation of the law is considered a breach of contract, which could lead to termination of the contract and/or disqualification for four calendar years from future contracts, at the discretion of the relevant contracting authority.

The status of this new law is very important for those who contract with DC solely and those who have contracts across many state and localities. For the latter, the operation of this new law marks a good time to review the company's contribution preclearance process and list of jurisdictions covered.

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Wiley is at the forefront of pay-to-play compliance – both at the state/local level and at the federal level (SEC, MSRB, FTC, FINRA, etc.). Please contact us for more details on the DC law and how to guard against disqualifying contributions around the country.