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E-News from State and Federal Communications, Inc.

April 2014

## Are you ready for some baseball ... and compliance?

No surprise it is 2014 and there have been a lot of elections already. And there are more on the horizon. Is your organization ready to handle the requests for contributions from direct contributions, federal PACs, or state PACs? Are you even prepared to discuss how the procurement process affects your contribution decisions? And, how do the individual contributions from employees and their families affect the contracts you have in the states, cities, and counties?

On Thursday, April 3rd, Amber Fish Linke, Nola Werren, and I will host the Public Affairs Council Compliance on the State Level webinar from 2 p.m. to 3 p.m. ET. It is only an hour long but will be full of the information you need right now.

1. Amber Fish Linke will start our program by talking about state and local lobbying laws and gift laws.
2. Nola Werren will continue the conversation and discuss the pay-to-play laws, strategies for compliance, and how to avoid violations. She will follow that up with a discussion about state campaign finance laws and where you can make corporate contributions.
3. I will round out the discussion with what to watch for in the procurement process.



Riveting conversation for a Thursday afternoon ... but so important to know in 2014. Take the time to register now for the webinar by going to [www.pac.org](http://www.pac.org) or contact Piper Evans, Manager of the Council's Government Relations Practice, at 202-787-5978 or [pevans@pac.org](mailto:pevans@pac.org).

Your company's reputation in its home state and where it has business operations depends on it. As we are preparing our program if you have a specific question to ask, please send me an e-mail at [ebartz@stateandfed.com](mailto:ebartz@stateandfed.com).

Be the person your company can depend on to hit a home run by having this important information at your fingertips.

Until next month, batter up!

Thank you,  
**Elizabeth Z. Bartz**  
President and CEO  
[@elizabethbartz](https://twitter.com/elizabethbartz)

# Bergen County Reforms Pay-to-Play for Second Time in Nine Months

by Katlin Newman, Research Associate

You  
Should Know

The new pay-to-play law in Bergen County, New Jersey became effective on March 11, 2014. Reform began on January 19, 2014, as the county Board of Chosen Freeholders passed its first ordinance of the year. Ordinance No. 14-01 amends Ordinance No. 13-06, passed in May 2013, to place greater restrictions on the amount no-bid county contractors may contribute to political parties. No-bid contractors include professionals such as attorneys, auditors, accountants, and engineers. Last year's ordinance increased the limit of such contributions from \$2,500 to \$5,200 per election cycle. Ordinance No. 14-01 reduces the limit to \$2,000, but it does not affect the \$300 per candidate limit.

In addition to addressing contribution limits, the new ordinance also amends the period during which an individual may remedy a violation of pay-to-play rules. Instead of having 60 days from the date of the contribution, business entities, countywide candidates, and officeholders may cure a violation if they notify the Board of Freeholders in writing within 30 days of learning a violation occurred. They then have 60 days following such notification to seek and receive reimbursement of the prohibited contribution.

For those not taking remedial action, the new ordinance increases penalties for pay-to-play violations. Punishment will depend on the level of intent involved in the misconduct. A business entity, other than a labor union, found in violation of applicable contribution limits may be debarred for up to four years for a knowing violation and up to one year for an unintentional violation. New penalties notwithstanding, a business entity curing a violation pursuant to the aforementioned policy will not be subject to any fines, penalties, or debarment.

Bergen County's pay-to-play reform serves as a potential catalyst for reform at all levels of New Jersey government. On February 17, just two days prior to the board's final approval of the bill, three Freeholders joined County Administrator Ed Trawinski and Senate Majority Leader Loretta Weinberg in a grassroots workshop to discuss pay-to-play policy. Aimed at improving contribution transparency and enabling enforcement, the panel agreed to also pursue a statewide solution to the problem.



## Summary of Changes UPDATE

Note Recent Changes to Compliance Regulations

by John Cozine, Esq., Research Manager

Update

**ARKANSAS:** Gov. Mike Beebe signed a bill on March 4, 2014, allowing him not to call a special election to fill the lieutenant governor's office. Senate Bill 139, now Act 210, allows the governor to forgo a special election to fill a vacancy in the lieutenant governor's office when the vacancy occurs within 10 months of a general election, if holding a special election would be impractical or burdensome. Mark Darr resigned from his position as lieutenant governor after being fined \$11,000 by the state Ethics Commission for misuse of campaign contributions and taxpayer dollars.

**FEDERAL:** On February 12, 2014, President Barack Obama issued an executive order establishing a minimum wage for federal contractors. Effective January 1, 2015, contractors and subcontractors for the federal government must pay employees a minimum of \$10.10 an hour or \$4.90 an hour for employees who are tipped. The wages will be annually adjusted according to the consumer price index. The order applies only to new contracts starting in 2015.

**FEDERAL:** On February 6, 2014, the Federal Election Commission (FEC) published its Price Index Adjustments for Expenditure Limitations and Lobbyist Bundling Disclosure Threshold in the Federal Register. The lobbyist bundling disclosure threshold increased to \$17,300 for 2014 from \$17,100 in 2013. This threshold amount is adjusted annually. Federal law requires authorized committees of federal candidates, leadership PACs, and political party committees to disclose contributions bundled by lobbyists and lobbyists' PACs.

**SANTA CLARA COUNTY, CALIFORNIA:** The Board of Supervisors adopted a lobbyist ordinance to regulate any person contacting certain county officials with the purpose of promoting, supporting, modifying, opposing, or causing delay or abandonment of conduct. Ordinance No. NS-19-42 regulates contract lobbyists, in-house lobbyists, lobbying firms, and expenditure filers who influence policy without directly contacting officials. Legislative, procurement, and grassroots activity is covered by the ordinance, which specifically provides for the possibility a political action committee will qualify as an in-house lobbyist. Registration and disclosure forms will be available when the ordinance becomes effective on March 27, 2014.

**TEXAS:** On February 13, 2014, the Ethics Commission issued an advisory opinion concerning the requirement of lobbyists to disclose officeholders or candidates using political contributions to compensate or reimburse the lobbyist for services. In Ethics Advisory Opinion No. 515, the commission held that while a lobbyist must disclose in a registration the full name and address of a candidate or officeholder who uses political contributions to compensate or reimburse the lobbyist, he or she is not required to disclose compensation or reimbursement received by an entity for services rendered by someone other than the lobbyist or a person acting as an agent of the lobbyist. Lobbyists must disclose the full name and address of a candidate or officeholder who uses political contributions to compensate or reimburse an entity employing or hiring the lobbyist to render services for the candidate or officeholder.

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# ASK THE EXPERTS

## State and Federal Communications' Experts Answer Your Questions

Here is your chance to “Ask the Experts” at State and Federal Communications, Inc. Send your questions to [experts@stateandfed.com](mailto:experts@stateandfed.com). (Of course, we have always been available to answer questions from clients that are specific to your needs, and we encourage you to continue to call or email us with questions about your particular company or organization. As always, we will confidentially and directly provide answers or information you need.) Our replies are not legal advice, just our analysis of laws, rules, and regulations.



*I am currently a registered lobbyist who files reports on a monthly basis. I incurred a permissible meal expenditure on a covered official at the end of last month. However, I did not pay for the expenditure until I received my credit card bill this month. What date should I use to report the expenditure?*



A common question concerns what accounting method to use for the reporting of expenses. The accrual basis of accounting reports expenditures according to the time the benefit is given. The cash basis of accounting reports expenditures according to the time it is actually paid.

The exact accounting method used depends on the jurisdiction in question. Both Arizona and Michigan prefer the accrual method of accounting. An expenditure is reported when it occurs or is given, not when it is paid. Indiana provides for activity reports to be filed on a cash basis. South Carolina also follows this method requiring an expenditure to be reported at the time it is paid.

Some states do not have a set accounting method to be used when reporting expenditures or permit either method to be used. In California, an expenditure should be reported at the time the benefit is given; however, if it is reported when the money is paid, the actual date of the expenditure should be noted. Pennsylvania allows a registrant to use any reasonable methods of estimation and allocation. However, once a method of accounting is chosen, filers should be consistent in its use. The filer should also keep an internal record of the accounting method used in case there is an audit by the Pennsylvania Department of State. Texas law indicates an expenditure does not have to be reported until the amount is readily determinable. An expenditure made by a credit card may be reported either according to when the expenditure is made or when the bill is received.

After confirming an expenditure is permissible, you must include it on the proper report. Consult with your jurisdiction's filing office to determine the accounting method used for the disclosure of expenditures.

***April's Expert - James Warner, Esq., Sr. Compliance Associate***

## Legislation We Are Tracking

At any given time, more than 1,000 legislative bills, which can affect how you do business as a government affairs professional, are being discussed in federal, state, and local jurisdictions. These bills are summarized in State and Federal Communications' digital encyclopedias for lobbying laws, political contributions, and procurement lobbying and can be found in the client portion of our website.

Summaries of major bills are also included in monthly email updates sent to all clients. The chart below shows the number of bills we are tracking in regard to lobbying laws, political contributions, and procurement lobbying.

	Total bills	Number of Jurisdictions	Passed	Died	Carried over to 2014
Lobbying Laws	250	42	0	5	0
Political Contributions	487	41	9	2	0
Procurement Lobbying	313	45	0	2	0



### See Us in Person

Plan to say hello at future events where **State and Federal Communications, Inc.** will be attending and/or speaking regarding compliance issues.

### Events

- April 6-9 Broadcast Educators Association Convention, Las Vegas, NV
- April 7-8 PAC Spring Board Meeting, Washington, D.C.
- April 11 You Too Social Media Conference, Kent, OH
- April 9-11 SGAC Annual Meeting, San Francisco, California
- April 30 - May 2 OSBA Convention, Columbus, OH



## W E B S I T E T I P

What's the best way to get to your desired jurisdiction once you have logged in to State and Federal's website? There are two ways to get to a jurisdiction's entry once you are logged in. The primary method is to first choose the publication you want by clicking on the large red box (or, if you subscribe to and wish to view the Canadian Compliance publication, the blue box) labeled with the publication you choose. Note that clicking on the right edge of the box, where the three horizontal lines are found, will bring you to the quick reference guides. But if you want to choose from one of the hundreds of jurisdictions available on our website, you need to click on the much larger left side of the box. Once you click on the box you will have two drop-down menus to choose from. Choose your state from the left menu and the specific jurisdiction in that state from the right menu. Click "Go" and you will have your desired entry in front of you. The second method is to utilize bookmarks. In brief, when you are in a jurisdiction's entry you can bookmark it. Thereafter, when you log in to the website, you can use your bookmark to jump to that entry directly from your dashboard and skip the need to select it from the list of jurisdictions. More information on bookmarking can be found in the Website Tip in the December 2013 Compliance Now.

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# Scrapbook



Enjoying the National Governors Association [NGA] Winter Meeting in Washington, D.C. are Elizabeth Z. Bartz and Brian S. Rosen from Purdue Pharma.



Elizabeth and Katrina Iserman from Sunovion Pharmaceuticals attending the Democratic Governor's Association [DGA] reception at Mayflower Hotel during NGA Winter Meeting in Washington, D.C.



State and Federal Communications, Inc. attended the UNANET Champion Conference in Tysons Corner, VA. The UNANET software will allow us to reduce the time spent on timesheet processing and will provide us with a quick turn-around for billing. We are always interested in better use of our time.

Here [from left to right] are Renold Koozer, Executive Director; Mark Sedmock, Comptroller; and Dave McPeek, IT Business and Operations Analyst.

# Scrapbook



The 2014 Ohio State Bar Association Convention will be held April 30 - May 2 at the Hyatt Regency in Columbus, Ohio. Attorneys attending from State and Federal Communications are: [from left to right] Michael Beckett, Esq.; Jennifer Zona, Esq.; Myra Cottrill, Esq.; and Shamus Williams, Esq.