



# COMPLIANCE NOW

E-News from State and Federal Communications, Inc.

June 2016

## Recognition from DiversityBusiness.com during 2016 Awards Ceremony in New York City

Last month I was honored to be included in the 16th Annual National Entrepreneurship Summit hosted by DiversityBusiness.com in New York. The award was given for being in the top 500 privately-owned women-owned businesses in the United States.

DiversityBusiness.com chooses "America's Top Business" award recipients based on annual gross revenue and a business profile. According to event organizers, State and Federal Communications was highlighted as one of the leading entrepreneur companies in the United States, and was presented several awards at the ceremony that included being named:

- #392 of the top 500 Women Owned Businesses in the United States
- #52 of the top 100 Privately-held Businesses in Ohio
- #37 of the top Diversity Owned Businesses in Ohio
- #17 of the top 50 Women Owned Businesses in Ohio, and the only one in Akron, Ohio.

More than 1.5 million businesses in the United States participated in the 16th annual business survey conducted by DiversityBusiness.com, a web-based business publisher. The organization's "Top Business List" offers the most comprehensive look at the strongest segment of the United States economy - America's privately held companies. According to DiversityBusiness.com, these companies differentiate themselves in their markets through dedication and hard work that stimulates economic growth in America.

The "America's Top Business" program is sponsored by major brands that include U.S. Postal Service, Wal-Mart, Apple, Northrop Grumman, Time Warner, Hilton, Raytheon, and Colgate Palmolive, among others.

We have won an "America's Top Business" award every year since 2008.

Being ranked highly with other leading companies across America is an achievement we are all proud of at State and Federal Communications. It shows our ongoing commitment to deliver quality government compliance information and consulting services to many Fortune 500 companies, associations, and corporate and contract lobbyists.

This truly is an honor because my time is always devoted to State and Federal Communications, the employees, clients, and the communities where we live and work.

For information on the event, visit: <http://www.diversitybusiness.com/awardees/>

[Elizabeth Z. Bartz](#)  
President and CEO  
[@elizabethbartz](#)



*Ms. Elizabeth Z. Bartz, President and CEO of State and Federal Communication is honored by DiversityBusiness.com, being named #392 of the leading Women Owned Businesses in the United States, #52 of the top 100 Privately-held Businesses in Ohio, #37 of the top Diversity Owned Businesses in Ohio, and #17 of the top 50 Women Owned Businesses in Ohio, and the only one in Akron, Ohio.*

## Summary of Changes UPDATE

Note Recent Changes to Compliance Regulations

by Michael Beckett, Esq., Research Manager

Update

**FEDERAL:** Amendments to a Municipal Securities Rulemaking Board (MSRB) conflict-of-interest rule concerning gifts and gratuities are now effective. MSRB Rule G-20 includes restrictions limiting gifts to \$100 for municipal advisors giving gifts to employees of entities engaged in municipal securities activities. Municipal advisors are also prohibited from receiving reimbursement of entertainment expenses from the proceeds of an offering of municipal securities. The rule is intended to protect against improprieties and conflicts of interest arising when regulated entities give gifts related to the municipal securities or municipal advisory activities of the recipients' employers.

**KENTUCKY:** Gov. Matt Bevin signed a revenue bill containing changes for executive agency lobbyists. House Bill 80 contains a provision increasing the registration fee for lobbying executive agencies from \$125 to \$500 beginning July 1, 2016, and covering the period through June 30, 2018. The change was included in a last-minute amendment by the Senate on the final day of the legislative session. The Executive Branch Ethics Commission had been pushing hard during the closing days of the session to increase the fee, fearing a budget shortfall would result in cuts to the commission's staff.

**MARYLAND:** Gov. Larry Hogan signed a pay-to-play bill, amending campaign finance reporting requirements for filers doing public business. House Bill 112 requires filers disclosing contributions to also include contributions of any subsidiary

entity the filer owns or controls by 30 percent or more, regardless of whether the subsidiary is doing public business in Maryland. A limited exception exists for publicly traded banking institutions not owned or controlled by anyone in excess of 10 percent if they are not contracted with Maryland in connection with public business. The law takes effect October 1, 2016.

**MASSACHUSETTS:** The Office of Campaign and Political Finance (OCPF) issued new regulations concerning coordination between candidates and independent expenditure-only political committees. The new regulations clarify definitions for independent expenditures and electioneering communications in an attempt to define situations in which a presumption of coordination exists between a candidate and an outside spender who is expressly advocating on the candidate's behalf. The regulations were created by OCPF response to frequent inquiries about the rules of coordination between candidates and other political entities.

**MISSOURI:** Gov. Jay Nixon signed two ethics bills on Friday, May 6. One bill creates a revolving door provision for lawmakers and statewide elected officials seeking to become lobbyists. They must wait at least six months after their terms end before engaging in lobbying. The second bill requires candidates to dissolve their campaign committees and either refund or donate the remaining funds upon registering as lobbyists. Both bills are effective August 28, 2016.



## WEBSITE TIP



The requirement to register as a lobbyist in some jurisdictions is triggered by engaging in lobbying or agreeing to lobby on behalf of an employer. However, many jurisdictions do not require registration until a threshold is met. Jurisdictions that have an expenditure threshold require registration for giving certain gifts to covered officials. If you are a non-lobbyist planning to provide gifts to covered officials, consult the Gift Law section in the Lobbying Law or Procurement Lobbying entries. If the jurisdiction has an expenditure registration threshold, notification of the threshold will appear just below the gift chart. Always check the registration threshold before becoming active in a jurisdiction, as the rules may allow you to avoid or delay registration. Note that even if an individual's expenditures do not require registration, the expenditures may still need to be reported on the employer's activity reports.



## Jurisdiction Added to our Website

The number of municipalities and regional governments our research associates track continues to grow. We now cover almost 300 municipalities and local governments. This is part of a continuous effort to better serve the needs of our clients.

In that effort, we have added abridged jurisdictions to our website. These entries, condensed due to the limited number of relevant local laws, provide the core information our clients need for their government relations work.

The new jurisdiction is: **Kauai County, Hawaii**

# Kentucky Extends Corporate Contribution Ban to Labor Unions and LLCs

by *Rena Bomba, Esq., Research Associate*

You Should Know

The Kentucky Registry of Election Finance (KREF) must not treat corporations differently than unions or limited liability companies (LLCs) for purposes of campaign contributions, according to the federal court decision in *Protect My Check, Inc. v. Dilger, et al.*, 3:15-cv-00042-GFVT. Judge Gregory F. Van Tatenhove, of the U.S. District Court for the Eastern District of Kentucky, concluded statutory provisions prohibiting contributions from corporations while allowing contributions from labor unions and LLCs violate the Equal Protection Clause of the Fourteenth Amendment.

Protect My Check (PMC) is a nonprofit corporation supporting legislators, candidates, parties, and political committees who favor right-to-work legislation. PMC argued the state's restrictions prohibiting it from making contributions to those who support its views, while allowing labor unions and LLCs to make opposing contributions, creates a disparate treatment of the groups in violation of the Fourteenth Amendment Equal Protection Clause. PMC also argued the restrictions prevent corporations from forming PACs while allowing unions and LLCs to do so. The court agreed, stating the

minor differences in the organizations do not justify varying levels of restrictions on political speech. The court enjoined KREF from enforcing section 150 and implementing statutes in a manner resulting in unequal treatment of corporations, unions, and LLCs. However, the court did not accept PMC's First Amendment argument, ruling a ban on direct corporate contributions does not violate a corporation's right of free speech, particularly if the corporation has the ability to form a PAC.

In response to the ruling, KREF issued a notice of how it will interpret and enforce the law going forward. According to the notice, all corporations, LLCs, and unions will be treated equally. Corporations, unions, and LLCs may sponsor and administer a state PAC and pay administrative expenses from corporate, union, or LLC funds. Corporations, unions, and LLCs are now prohibited from making contributions directly to candidates, slates of candidates, or committees. It is unclear whether or not a reinterpretation of the statute by KREF will settle the issue of a ban on contributions from organizations.



## 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 2016
Lobbying Laws	323	42	4	46	6
Political Contributions	587	48	14	78	15
Procurement Lobbying	319	43	7	20	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

- June 6-9 BIO International Convention, San Francisco, California
- June 8-10 NCSL Symposium for Legislative Leaders, Washington, DC
- June 13 US Chamber of Commerce Small Business Summit, Washington, DC
- June 16 Akron Roundtable, Akron, Ohio
- June 20-22 PAC Grassroots, Alexandria, Virginia
- June 23 Akron Roundtable - R.J. Nemer, Akron, Ohio
- June 24-27 US Conference of Mayors, Indianapolis, Indiana
- June 28 Wal-Mart Manufacturing Summit, Bentonville, Arkansas

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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.

Q

***When I talk to state officials, I'm always with my registered contract lobbyists. That means I'm exempt from registering, correct?***

A

The kind of exemption you are referring to is commonly called an umbrella exception. In most instances, being with a registered lobbyist does not exempt an individual from having to register as a lobbyist.

California and Utah are two states with an umbrella exception, but there are limits to those exceptions. In Utah, an individual is not considered a lobbyist (and thus does not have to register) if he or she:

Interacts with a public official in that official's capacity as a public official while accompanied by a registered lobbyist who is lobbying in relation to the subject of the interaction or while presenting at a legislative committee meeting at the same time the registered lobbyist is attending another legislative committee meeting; and

Does not make an expenditure for, or on behalf of, a public official in relation to the interaction or during the period of interaction.

California's umbrella exception is the most well-known, but it was narrowed in March. Now, the umbrella exception will only apply if the individual:

Is an employee of a lobbyist employer;

Meets or speaks with a state official in the company of a registered lobbyist retained by the individual's lobbyist employer; and

Participates as a subject matter expert regarding a legislative or administrative action at issue.

California's exception was narrowed to prevent contract lobbyists from being able to utilize the exception and avoid registration and reporting requirements.

As you can see, there are very few umbrella exceptions allowing you to avoid registration. And even when a state has an umbrella exception, there are limits on who can take advantage of them. If you will be attempting to influence a state official, be sure to give us a call prior to your meeting to make sure lobbyist registration will not be required.

***Shamus Williams, Esq., Compliance Associate***



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# Scrapbook

## State and Federal Communications, Inc. Celebrates Staff Anniversaries



Nola R. Werren, Esq. holds the title in State and Federal Communications, Inc. as the employee who has been here the longest - 19 years. She is currently a Client Specialist in our Compliance Department.



Lisa Kot, Research Assistant, has supported our Research Department for two years.



Gamble Hayden, Federal Compliance Assistant, supports our ALERTS program in the DC area. She came on board one year ago. Congratulations.

# Scrapbook

## State and Federal Communications, Inc. Celebrates Staff Anniversaries



Congratulations to Nicolette Bartz Koozer, our Sr. Graphics Coordinator, on her 15th Anniversary at State and Federal Communications, Inc. She came on board in 2001 after more than 15 years of being our free lance artist out of northern Virginia.

Dave McPeek, Business and Operations Analyst, has reached his 10th anniversary at State and Federal Communications, Inc. We will be honoring this anniversary on June 30, "Dave McPeek Day!"



## JUNE

Each month at our staff meeting, Elizabeth acknowledges the employment anniversaries of the staff. In June, we celebrate the eighth anniversary of Myra Cottrill, Esq., Client Specialist, and the tenth anniversary of Dave McPeek, Business and Operations Analyst. These employees are essential members of the staff. Congratulations to you.