



Political Law Alert

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Maryland Again Proposes Regulations Regarding Its Pay-to-Play Reporting Law

The Maryland State Board of Elections recently proposed new regulations regarding its pay-to-play reporting law. The public comment period closes on May 30, 2016. Below is a summary of the key provisions contained in the proposed regulations. A copy of the proposed regulations is [attached](#).

Timing of Initial Filings and Updating of Contract Information

Under current regulations, businesses that enter into a qualifying government contract trigger a registration requirement (which includes disclosure of contract information) and a requirement to file a statement of reportable contributions covering the prior 24 months within one business day of the award of the contract.

The proposed regulations would extend this time frame in which a company must file to 15 business days after the contract award for the initial registration, with 15 additional business days to submit the initial statement of reportable contributions. This initial filing is only required when a company is awarded a contract by a level of government for which it has not already submitted an initial filing in the last two years. Rather, if a company enters into a contract with such level of government, the company must instead file within 30 business days and update the contract information in that prior registration.

Attribution of Contributions Made by Subsidiaries

It has always been the case that when a company has a covered contract, the 30 percent owner of that company must do the filing, reporting contributions attributable to the owner and to the contracting company (those made by the entity, its officers, directors and partners, and its political action committee).

Current regulations clarify that one needs to go only one level up in determining the 30 percent owner, as opposed to following the ownership chain to the ultimate 30 percent owner. Current FAQs suggest that such 30 percent owner must report contributions that are attributable to all of its 30 percent owned subsidiaries, regardless of whether they have covered contracts. The proposed regulations adopt the language from these FAQs.

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Reports to the CEO

Under the pay-to-play statute, officers, directors and partners (“covered individual donors”) of a company with a qualifying government contract must report their applicable political contributions to the CEO. The proposed regulations allow such reports to be made to a designee of the CEO and require they be made no later than five business days after the last day of the applicable reporting period. The proposed regulations also require the CEO or designee to notify covered individual donors of the reporting requirement.

A company can satisfy the notification requirement if it requires covered individual donors to preclear contributions through a legal or compliance department and the policy is in writing and annually reviewed by the covered individual donors. A company is exempt from the notification requirement with respect to covered individual donors of a subsidiary not doing Maryland government business if the company prohibits covered individual donors from making Maryland contributions and this policy is provided to the State Board of Elections.

Please contact us with any questions or if you would like assistance drafting comments to the proposed regulations.

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