



# Political Law Alert

## Contacts

### Kenneth A. Gross

Partner  
202.371.7007  
kenneth.gross@skadden.com

### Ki P. Hong

Partner  
202.371.7017  
ki.hong@skadden.com

This memorandum is provided by Skadden, Arps, Slate, Meagher & Flom LLP and its affiliates for educational and informational purposes only and is not intended and should not be construed as legal advice. This memorandum is considered advertising under applicable state laws.

Four Times Square  
New York, NY 10036  
212.735.3000

1440 New York Avenue, N.W.  
Washington, D.C. 20005  
202.371.7000

## Recent Political Law Developments in Michigan; Texas; Cook County, Illinois; and California

Below please find summaries of recent political law developments in Michigan; Texas; Cook County, Illinois; and California.

### Michigan: Repeal of Annual Payroll Deduction Authorization Requirement for PACs

On January 6, 2016, Gov. Rick Snyder signed S.B. 571, which among other changes eased restrictions on federal PACs that contribute in the state. Previously, a federal or state political action committee that contributed in Michigan could not accept employee contributions via payroll deduction unless the employee reauthorized the deductions annually. This requirement presented challenges for federal PACs active in the state. Under informal advice from the Michigan secretary of state, a federal PAC could comply with the requirement by accounting for the funds used in Michigan and demonstrating that such funds came from check or credit card donors, not payroll deductions. Thus, a federal PAC without such credit card or check donors could not contribute in the state without annually reauthorizing payroll deductions.

Effective upon signing, S.B. 571 repealed this annual reauthorization requirement. As a result, both federal and state PACs that contribute in Michigan will be allowed to use payroll deductions with a single perpetual authorization without having to get reauthorization every year. The PAC registration requirements have not changed.

### Texas: New Interested Party Disclosure Rules for State and Local Contractors

Effective January 1, 2016, H.B. 1295 imposes new disclosure requirements on certain state and local contractors. The law applies, with only narrow exemptions, to contracts (1) with a value of at least \$1 million, or (2) that require a vote or action by the entity's or agency's governing body before the contract may be signed.

A covered state or local agency or entity may not enter into such a contract unless the contractor submits Form 1295 with the signed contract, disclosing the name and place of business of (1) each person with a controlling interest in the contractor, meaning 10 percent owners and certain officers and directors, and (2) each person who actively participated in facilitating or negotiating the terms of the contract, including a broker, intermediary, advisor or attorney for the contractor. These disclosures will be publicly posted by the Ethics Commission. No disclosure of campaign contributions is required on Form 1295.

# Political Law Alert

---

## Cook County, Illinois: Lobbyist Training Requirement

The Cook County Board of Ethics is contacting registered county lobbyists regarding enforcement of the county's lobbyist ethics training requirement. Under the lobbying ordinance, within 120 days of registering as a lobbyist in Cook County, each lobbyist must complete an ethics training course available online. The Board of Ethics has begun notifying lobbyists that it may sanction persons failing to complete the training course with a \$250 fine and a three-year prohibition on lobbying county officials, appointees and employees.

## California: Narrowing of 'Ride-Along' Rules and Increased Disclosure

On March 17, 2016, the California Fair Political Practices Commission amended its lobbying regulations to narrow the "ride-along" exemption. Previously, an individual's communication with a covered official would not trigger California's lobbyist registration requirement if he or she was in the company of a registered lobbyist retained by the individual's employer. As amended, an individual may not use the exemption unless the individual is (1) employed by the same company that employs a registered lobbyist who is in attendance, and (2) participating as a subject matter expert regarding a legislative or administrative action at issue. The amendments do not alter the registration threshold for an in-house employee, who need not register unless his or her direct communication with covered officials comprises one-third or more of his or her compensated time in any calendar month.

The commission also recently approved an amended regulation requiring more detailed disclosures from lobbyist employers on quarterly reports. Currently, lobbyist employers report (1) payments to lobbying firms, (2) payments to lobbyists, (3) activity expenses (*i.e.*, gifts to officials), (4) certain political contributions, and (5) a lump sum of "other payments to influence legislative or administrative action." Effective July 1, 2016, lobbyist employers must itemize all expenditures of \$2,500 or more in the "other payments" category, except for certain overhead expenses. Thus, the items included in the category will generally not change, but more detail is required. For each itemized payment, lobbyist employers must disclose the name and business address

of the payee, the total payments made during the reporting period, the cumulative amount paid during the calendar year and the primary purpose of the payment. Primary purposes include:

- Salary and compensation of employees other than lobbyists, which includes a proportionate share of the compensation paid to employees other than lobbyists who are engaged for 10 percent or more of their compensated time in a calendar month in or in connection with support or assistance of lobbyists or direct or grassroots lobbying;
- Expenses incurred by a lobbyist and paid directly by the filer, or expenses incurred by the filer for goods or services used by a lobbyist or used to support or assist a lobbyist in connection with his or her activities as a lobbyist;
- Legislative-related services performed by a lobbying firm in the absence of authorization to engage in direct communication related to researching, monitoring, analyzing or drafting statutes, or recommending strategy, providing advice or similar services concerning pending or proposed legislative or administrative action;
- Consultants and government relations, including all contracts other than with a lobbying firm or lobbyist, to provide governmental consulting, advocacy or strategy;
- Public affairs, including coalition building, grassroots campaigns and public policy initiatives including news releases, media campaigns, literature and mailings, canvassing and special events;
- Advertising, including billboards, print, radio, television, text, email and other electronic advertising;
- Research, including feasibility studies, analysis, polling and public opinion research;
- Lobbying events, including event planning, rentals, equipment and transportation for members of organizations or the public to meet public officials, hold rallies or attend hearings to influence legislative or administrative action; and
- Other payments not covered by one of the above listed categories.

Please contact us with any questions.

# Political Law Alert

---

## Additional Contacts in the Political Law Group

**Matthew Bobys**

Counsel  
202.371.7739  
matthew.bobys@skadden.com

**Charles M. Ricciardelli**

Associate  
202.371.7573  
charles.ricciardelli@skadden.com

**Jeremy F. Regan**

Associate  
202.371.7073  
jeremy.regan@skadden.com

**Melissa L. Miles**

Counsel  
202.371.7836  
melissa.miles@skadden.com

**Tyler Rosen**

Associate  
202.371.7035  
tyler.rosen@skadden.com

**Kelvin Reese**

Head Political Reports Analyst  
202.371.7498  
kelvin.reese@skadden.com

**Patricia M. Zweibel**

Counsel  
202.371.7089  
patricia.zweibel@skadden.com

**Shayla Parker**

Associate  
202.371.7534  
shayla.parker@skadden.com