

Comparing Vendor Campaign Activity Regulations

Presented to the
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Vendor Campaign Activity Background

- a.k.a. “Doing Business with” or “Transparency in Contracting” laws
- Designed to combat impropriety and the appearance of impropriety in the awarding of government contracts.
- 19 states, including RI, have various types of these laws.
- Many major cities have some type of laws regulating vendor campaign activity, including:
 - Chicago, Denver, Los Angeles, New York City, and Philadelphia
- Have widespread support of good government organizations, such as Common Cause, Public Citizen, The League of Women Voters, and the Brennan Center for Justice.

Three Common Aspects

- Threshold
 - Laws generally apply only to contracts valued over a certain dollar amount.
 - Some apply to contracted vendors only, some to both bidders and contractors.
- Disclosure
 - Requiring vendors or bidders to provide information on past campaign contributions.
- Regulations
 - Limits (or bans) on contributions to local office holders, candidates, parties, and PACs.
 - Penalties for violations generally include loss of contract award and/or exclusion from consideration on future contracts for set period of time.

R.I.G.L. 17-27 – “Reporting of Political Contributions by State Vendors”

- Threshold
 - Applies only to contracts valued at \$5,000 or more.
- Disclosure
 - Vendors with qualifying contracts must file an affidavit with Bd. of Elections listing any campaign contributions over \$250 made to State elected official or candidate for State office in the 24 months preceding the contract.
- Regulations
 - Fine of up to \$1,000 per violation.
 - Bd. of Elections can declare vendor ineligible for future contracts for a period of time deemed appropriate.

Proposed Ordinance

- Threshold (begins 1/1/2015)
 - Applies to all bidders on contracts valued over \$50,000.
- Disclosure (begins 1/1/2015)
 - Bidders must sign affidavit showing contributions to city candidates from 12 months preceding the bid
- Regulations (begins 1/1/2016)
 - Individuals (owners, executives, etc.)
 - \$200 annual contribution limit for Council candidates
 - \$500 annual contribution for Mayoral candidates
 - Companies (all individuals combined)
 - \$1,500 annual contribution limit for Council candidates
 - \$4,000 annual contribution limit for Mayoral candidates
 - Penalties – Ineligible for contracts for 4 years if violated

New York City

- Threshold/Disclosure
 - NYC Campaign Finance Board oversees online “Doing Business Database” tracking all contributions to municipal candidates from bidders/contractors.
- Regulations
 - Contribution Limits
 - Mayor & Comptroller candidates - \$400
 - Borough President candidates - \$320
 - Council candidates - \$250
 - Violation results in return of contribution

Connecticut

- Threshold
 - Companies with one contract valued at \$50,000 or more and companies with multiple contracts with a combined value of \$100,000 or more.
- Disclosure
 - No previous contribution info required.
- Regulations
 - Prohibition on all campaign contributions to political parties and to candidates seeking statewide or state legislative office.
 - Violations result in loss of awarded contract or disqualification from state contracting for one year.

New Jersey

- Threshold
 - All contracts valued over \$17,500.
- Disclosure
 - No previous contribution info required, but State Election Law Enforcement Commission separately requires reporting.
- Regulations
 - Contributions to gubernatorial candidates, state parties, and county parties prohibited.
 - Violations can result in a penalty up to the value of the awarded contract or disqualification from state contracting for 5 years.

East Brunswick, NJ

- Threshold – All bidders on all contracts.
- Disclosure
 - Bidders must sign sworn statement under penalty of perjury stating that the company has not given contributions in violation of the ordinance.
 - Burden on the bidder/contractor to report any subsequent violations.
- Regulations
 - Contribution limits
 - Mayoral and Council candidates - \$400
 - Political parties, committees, and PACs - \$500
 - Contracting companies may not contribute more than \$2,500 per year in total to all municipal candidates, parties, committees, and PACs.
 - Violations result in disqualification from municipal contracts for 4 years.

Maryland

- Threshold
 - Applies to contractors with one or more contracts cumulatively valued at \$100,000 or more.
- Disclosure
 - Upon award of contract, contractors must file a statement reporting all campaign contributions in excess of \$500 over previous 24 months.
 - Contractors must file semi-annual supplemental reports.
- Regulations
 - No contribution limits, only reporting requirements.
 - Failure to report contributions accurately is a misdemeanor punishable by a fine of up to \$1,000 or one year in prison, or both.

Los Angeles

- Threshold
 - Applies to contractors and bidders on projects valued at \$100,000 or more.
- Disclosure
 - No requirements, but City has strong Ethics Commission w/campaign finance authority and separately requires reporting.
- Regulations
 - Campaign contributions to municipal candidates prohibited.
 - Violations result in prosecution for a misdemeanor, a civil penalty of up to \$2,000 per violation and/or a penalty of up to three times the value of the unlawful contribution.