



New Lobbying Disclosure Requirements

**Reportable Business
Relationships**

Objective

THIS TRAINING WILL:

- Review major definitions and concepts of Reportable Business Relationships (RBR)
- Evaluate examples of Reportable Business Relationships
- Identify potential RBR that should be disclosed
- Review major definitions and concepts of Source of Funding
- Evaluate examples of Source of Funding
- Identify potential Sources of Funding that should be disclosed

Reportable Business Relationships

SCOPE:

- The Public Integrity Reform Act of 2011 (“PIRA”) amended Legislative Law 1-A
- Lobbyists and clients are required to disclose publicly information about business relationships with certain state employees and officials
- Through increased transparency, this new disclosure will better inform New Yorkers about the links between state officials and individuals and entities engaged in substantial lobbying activities in New York

REFERENCES:

- Clients: Legislative Law 1-A §1-j(b)(6)(i)-(iii)
- Lobbyists: Legislative Law 1-A §1-e(c)(8)(i)-(iii)

Reportable Business Relationships

WHO THIS APPLIES TO:

A **“State Person”** is a...

- Statewide elected official
- State officer
- State employee
- Member of the Legislature
- Legislative Employee



REFERENCE: Reportable Business Relationship Guidelines: Lobbyists pg. 1

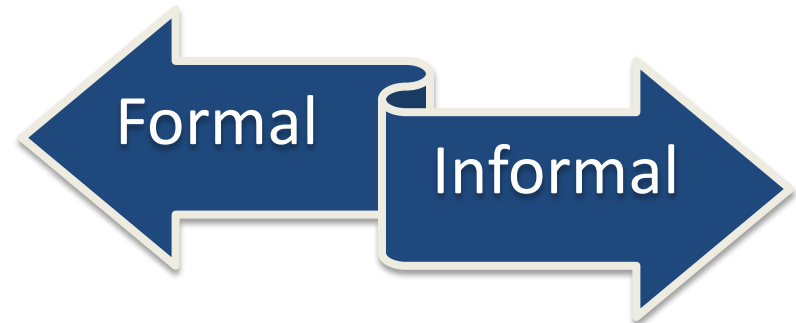
Reportable Business Relationships

RELATIONSHIP:

- Lobbyist or client pays, gives, or promises compensation to a:
 - State Person
 - Non-governmental entity in which a State Person has the Requisite Involvement, or
 - Third party as directed by a State Person or entity, in which a State Person has the Requisite Involvement
- and**
- Such compensation is in exchange for goods, services or anything of value either performed or provided or intended to be performed or provided

Need to know:

The agreement or understanding does not need to be in writing or enforceable under contract law to be considered a relationship



Reportable Business Relationships

EXEMPTIONS TO THE DEFINITION OF RELATIONSHIP:

- Treatments for medical, dental, and mental health services
- Legal services with respect to:
 - Investigation or prosecution by law enforcement
 - Bankruptcy
 - Domestic relations



Requisite Involvement in an Entity

ELEMENTS:

- Non- governmental entity
- State Person:
 - Proprietor, partner, director, officer or manager, or
 - Owns or controls 10% or more of stock, or
 - 1% in the case of a corporation whose stock is regularly traded on an established securities exchange

“Reason to Know”

REASONABLE PERSON TEST:

If a reasonable person looking at all the facts and circumstances would conclude that the filer should know that an individual is a State Person or has a Requisite Involvement with the relevant entity then the reason to know standard has been satisfied



FACTORS:

- Origin and length of relationship
- Type and actual value of goods and services or items provided
- Whether it is generally known that the individual is a State Person or has the Requisite Involvement with an entity
- Efforts of the filer to obtain information

Reporting Requirements

WHAT IS PUBLICLY DISCLOSED:

- Name and public office address of any State Person
- The description of the general subjects or transactions between a lobbyist and a State Person
- Compensation, actual or anticipated, including expenses, to be paid and paid by virtue of the business relationship

REFERENCES:

- Clients: Legislative Law Article 1-A §1-j(b)(6)(i)-(iii)
- Lobbyists: Legislative Law Article 1-A §1-e(c)(8)(i)-(iii)

Compensation

INCLUDES:

- Salary, fee, gift, payment, benefit, loan, advance or any other thing of value

DOES NOT INCLUDE:

- Commercially available consumer and business loans or lines of credit as available to the general public
- Goods and services and discounts for goods and services as available to the general public
- Dividends or payments related to stock purchases
- Contributions reportable under Article 14 of the NYS Election Law

References:

Reportable Business Relationship Guidelines : Lobbyists pg. 2 and Clients pg. 6

“\$1,000 Rule”

TIMEFRAME:

- Consecutive 12 month period

Relationships with a State Person less than one year are reportable when:

- Value of compensation (goods, services, anything of value) is greater than a \$1,000

Relationships with a State Person for more than one year are reportable when:

- Compensation exceeds \$1,000 during **any** consecutive 12 months
- Value of goods, services, or anything of value performed or provided exceeds \$1,000
- Outstanding compensation for goods, services or anything of value already performed or provided exceeds \$1,000
- Value of the goods, services or anything of value to be performed or provided in exchange for compensation already received exceeds \$1,000

Examples

SITUATION 1:

- A lobbyist gives a State Senator a six-year-term loan for \$5,000 at prevailing market rates
- The loan offered to the State Senator is not commercially available
- The lobbyist knows the individual is a State Person

Lobbyist must disclose as a Reportable Business Relationship because the \$5,000 loan, while at prevailing rates, is not commercially available

SITUATION 2:

- A legislative employee purchases a new car at a dealership that is a Client Filer
- The legislative employee obtains financing from the car dealership on terms generally available to the public

This is not a Reportable Business Relationship. The terms of the loan are generally available to the public

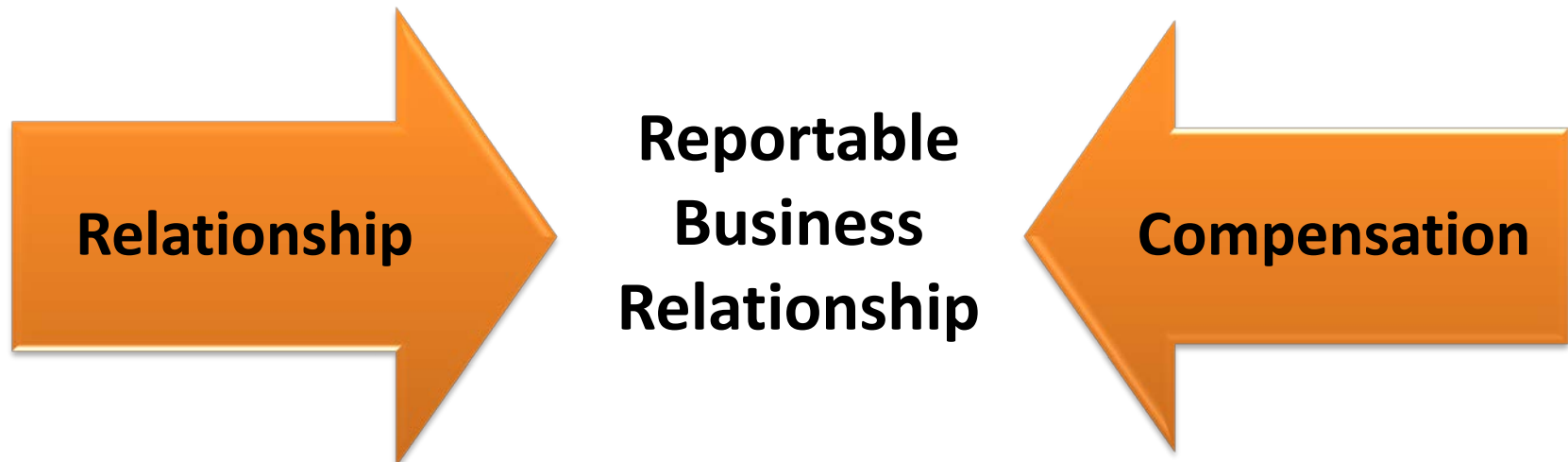
Reporting Period

TIMEFRAME:

- If the relationship is in existence any time during the filing period

REPORTABLE BUSINESS RELATIONSHIP EXISTS WHEN:

- Compensation is paid or to be paid
- Goods, services or anything of value are performed or provided
- Relationship is in existence even if compensation has not yet been paid and goods, services and anything of value have not yet been performed or provided



Reporting Period Example

SITUATION 1:

- On December 13, 2012 a lobbyist enters into a contract with a State Senator for \$5,000 worth of services to be performed. The Senator will receive compensation for those services on January 10, 2015.

Answer for Lobbyist:

Reportable Business Relationship must be disclosed in the following filings:

- Duty to Amend 2011-2012 Biennial Lobbyist Statement of Registration
- 2013-2014 Biennial Lobbyist Statement of Registration and
- 2015-2016 Biennial Lobbyist Statement of Registration

Answer for Client Filer :

Reportable Business Relationship must be disclosed in the following filings:

- 2012 July/December Client Semi-Annual Report
- 2013 January /June and 2013 July/ December Client Semi-Annual Report
- 2014 January /June and 2014 July/December Client Semi-Annual Report
- 2015 January /June Client Semi-Annual Report

Reporting Period Example

SITUATION 2:

- On November 22, 2013, a Client Filer contracts with a State Senator for \$1,500 of services to be performed. The Senator will be compensated in October 2014.

Answer for Lobbyist:

Reportable Business Relationship must be disclosed in the 2013-2014 Biennial Lobbyist Statement of Registration

Answer for Client Filer:

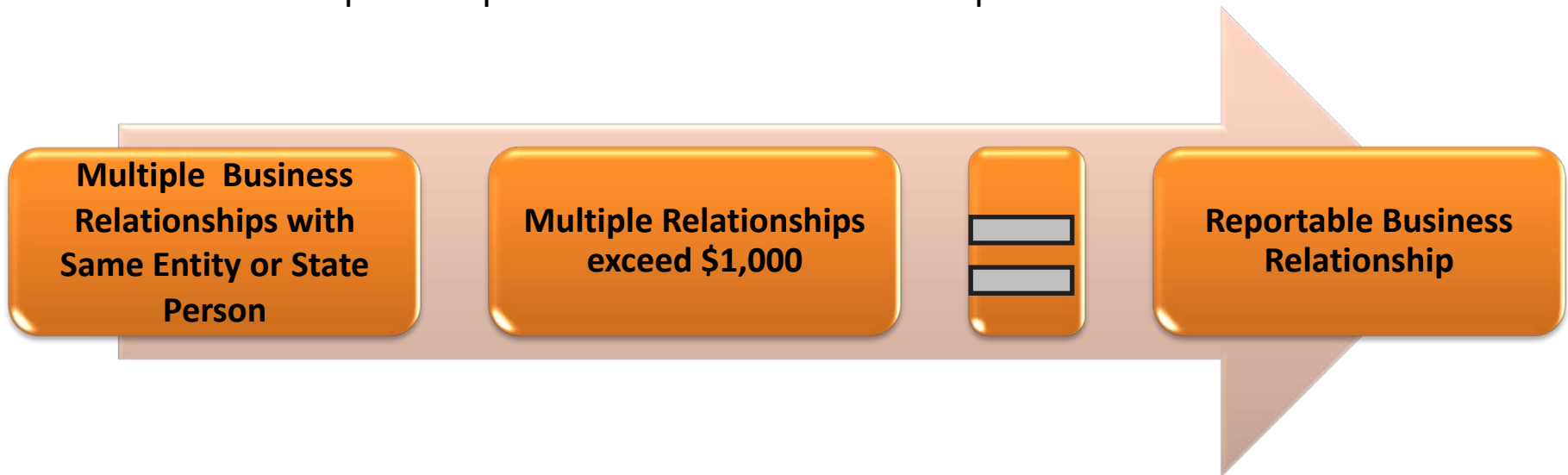
Reportable Business Relationship must be disclosed in the following filings:

- 2013 July/ December Client Semi-Annual Report
- 2014 January/June Client Semi-Annual Report
- 2014 July/December Client Semi-Annual Report

Aggregation

MULTIPLE BUSINESS RELATIONSHIPS WITH THE SAME ENTITY OR STATE PERSON :

- Value of goods, services, or anything of value of all such Relationships must be aggregated
- If the aggregated value of the relationship is more than \$1,000 for any 12-month each Relationship is a Reportable Business Relationship



Amendments

LOBBYISTS DUTY TO AMEND

Statement of Registration

- Within 10 days of a material change from the required information reported in the biennial registration an amended Reportable Business Relationship form must be completed
- Actual or anticipated amount of compensation in connection with Reportable Business Relationship materially varies from the anticipated amount previously reported
- Entering into a new Reportable Business Relationship
- Failure may result in possible late fees and/or civil penalty

Accuracy of Reported Information

CLIENT DUTY TO MAINTAIN ACCURATE, CURRENT AND COMPLETE INFORMATION

- Update and correct a Semi-Annual Report if a new Reportable Business Relationship arises
- Disclosure of Reportable Business Relationships not previously disclosed
- Actual or anticipated amount of compensation in connection with an Reportable Business Relationship materially varies from the anticipated amount previously reported
- Failure may result in possible late fees and/or civil penalty

Penalties

Failure to File

- Civil penalty of up to \$25,000 or amount failed to report
- Possible late fees

False Filings

- Civil penalty of up to \$50,000 or five times the amount failed to report