



2016 SOURCE OF FUNDING AMENDMENTS

Frequently Asked Questions

Effective September 23, 2016, the requirements in the Lobbying Act governing the obligation for certain lobbyists and clients to disclose their “Sources of Funding” are amended. The amendments lower the reporting threshold for total lobbying expenditures to \$15,000 from \$50,000, and the minimum contribution amount for disclosing a source to \$2,500 from \$5,000. Further, the amendments exclude disclosing the dollar amount of funds received for membership dues, fees, and assessments, while continuing to require the donor to be identified as a source.

The Joint Commission on Public Ethics (“Commission”) enacted emergency regulations, also effective September 23, 2016, to implement the changes in law. These Frequently Asked Questions (FAQs) clarify the amendments made to the Source of Funding reporting requirements.

FAQs

What is “Source of Funding”?

Lobbyists (who lobby on their own behalf) and Clients, who devote substantial resources to Lobbying activity in NYS, are required to make publicly available each Source of Funding over a certain limit for such lobbying.

Who must disclose their Sources of Funding?

A Client Filer (which may be a Lobbyist who lobbies on its own behalf and/or a Client who retains a Lobbyist) who meets the Expenditure Threshold.

What is the *new* Expenditure Threshold?

The new Expenditure Threshold is met when:

1. The Client Filer has spent more than **\$15,000** in Reportable Compensation and/or Expenses for lobbying in NYS during the Expenditure Threshold Period; **and**
2. The Client Filer’s Reportable Compensation and/or Expenses for lobbying in NYS constitute at least 3% of the Client filer’s total expenditures during the Expenditure Threshold Period.

Who or What is included in the definition of a “Source”?

A Source, as further defined by Part 938.2 of the Commission’s regulations, is any person, corporation, partnership, organization, or entity that makes a Contribution to or for the benefit of a Client Filer, which is intended to fund, in whole or in part, the Client Filer’s activities or operations.

What is the *new* minimum Contribution amount for disclosing a Source once a Client Filer meets the Expenditure Threshold?

\$2,500.

Must Contributions from persons or entities with an Affiliate Relationship still be aggregated?

Yes. (See Part 938.2 of the Commission’s regulations.)

What is required if a Client Filer meets the Expenditure Threshold during the Expenditure Threshold Period?

When the new Expenditure Threshold is met, all Contributions from a Source of Funding must be disclosed.

What change was made regarding membership dues, fees, or assessments?

Any contributions for membership dues, fees, or assessments received on or after September 23, 2016 are **not** included in the Reportable Amount of Contribution from a Source of Funding. Such donors, however, must still be identified as a Source in accordance with Part 938.3(e)(4) of the Commission’s regulations.

There is no change to the reporting rules for a contribution for membership dues, fees, or assessments received prior to September 23, 2016.

What information must be disclosed if a Source's Contribution includes *only* membership dues, fees, or assessments?

Assuming the contribution was received on or after September 23, 2016, the Client Filer should disclose the Reportable Amount of the Contribution as \$0 and include all other information required by Part 938.3(e) of the Commission's regulations.

There is no change to the reporting rules for a contribution for membership dues, fees, or assessments received prior to September 23, 2016.

For contributions received on or after September 23, 2016, how should a Client Filer calculate the Reportable Amount of the Contribution if only a portion of a Source's Contribution includes membership dues, fees, or assessments?

In order to determine the Reportable Amount of the Contribution, the Client Filer should:

1. **Subtract** the amount of a Source's Contribution relating to membership dues, fees, or assessments from the Contribution amount;
2. For any Contribution not specifically designated for Lobbying in NYS, **multiply** the remaining dollar amount of the Contribution by the Reportable Compensation and Expenses and **divide** such figure by Total Expenditures; **and**
3. **Add** any Contribution amount specifically designated for Lobbying in NYS to the figure yielded by such formula.

Do these new reporting rules for contributions amounts attributable to membership dues, fees, or assessments apply for the entire July 1 – December 31, 2016 filing period?

No. Any contributions amounts attributable to membership dues, fees, or assessments received prior to September 23, 2016 are still reportable. The *amounts* attributable to membership dues, fees, or assessments from contributions received on or after September 23, 2016 should be reported as zero dollars (\$0).

Do the amendments to the Source of Funding requirements affect previously filed Client Semi-Annual Reports?

No.

When will the lower threshold amounts relating to the Source of Funding Requirements take effect?

Frequently Asked Questions

The amendments became effective on September 23, 2016, and will be first applied in January 2017, when the 2016 July-December Client Semi-Annual Report is due.

Are there special filing rules for the 2016 July-December Client Semi-Annual Report due on January 17, 2017?

Yes. Since the 2016 July-December Client Semi-Annual Report due on January 17, 2017 includes the time period during which the lower threshold amounts became effective, there are special filing rules for this Report.

Which Expenditure Threshold should a Client Filer use for the 2016 July-December Client Semi-Annual Report due on January 17, 2017: the “\$50,000 – 3%” or the “\$15,000 – 3%”?

A Client Filer will have met the Expenditure Threshold requiring disclosure of Sources of Funding if *either* of the following occurs:

1. For the Expenditure Threshold Period of January 1, 2016 – December 31, 2016: the “\$50,000 – 3%” threshold is met; **or**
2. For the Expenditure Threshold Period of September 23, 2016 – December 31, 2016: the “\$15,000 – 3%” threshold is met.

What minimum Contributions amount triggers disclosure under the Source of Funding requirements in effect for the 2016 July-December Client Semi-Annual Report due on January 17, 2017: \$2,500 or \$5,000?

If the Client Filer **met** the “\$50,000 – 3%” standards in effect during the first Client Semi-Annual reporting period (January 1 – June 30, 2016) and thus was required to disclose Sources of Funding on their Client Semi-Annual Report due on July 15, 2016, the Client Filer should report:

1. All Contributions received during the second Client Semi-Annual reporting period from any Source previously disclosed in the first reporting period;
2. All Contributions received during the year from a Source not previously disclosed in the first reporting period if the total of such contributions exceeds \$5,000; **and**
3. All Contributions received from September 23, 2016 – December 31, 2016 from a Source not previously disclosed in the first reporting period if the total of contributions received from September 23, 2016 – December 23, 2016 exceeds \$2,500.

If the Client Filer **did not meet** the “\$50,000 – 3%” standards in effect during the first Client Semi-Annual reporting period (January 1 – June 30, 2016) and thus was **not** required to disclose

Frequently Asked Questions

Sources of Funding in their Client Semi-Annual Report due on July 15, 2016, the Client Filer should disclose information related to Sources of Funding for:

1. All Contributions received from July 1, 2016 – December 31, 2016 from a Source, if the total of such Contributions exceeds \$5,000; **and**
2. All Contributions received from September 23, 2016 – December 31, 2016 from a Source, if the total of Contributions received during the second reporting period exceeds \$2,500.