



Compliance Notes - Vol. 3, Issue 3

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RECENT LOBBYING, ETHICS & CAMPAIGN FINANCE UPDATES

We read the news, cut through the noise and provide you the notes.

Welcome to *Compliance Notes* from Nossaman's **Government Relations & Regulation Group** – a periodic digest of the headlines, statutory and regulatory changes and court cases involving campaign finance, lobbying compliance, election law and government ethics issues at the federal, state and local level.

Our attorneys, policy advisors and compliance consultants are available to discuss any questions or how specific issues may impact your business.

If there is a particular subject or jurisdiction you'd like to see covered, please let us know.

Until then, please enjoy this installment of **Compliance Notes**. If you would like to have these updates delivered directly to your in-box, please click below to subscribe to our Government Relations & Regulation mailing list.

Campaign Finance

The Supreme Court of the United States heard oral arguments in the case of *Federal Election Commission v. Cruz*, which involved a constitutional challenge to the rule that limits federal candidates who made personal loans to their campaigns from only using up to \$250,000 in post-election fundraising to pay themselves back. The rule stems from the so-called “millionaire’s amendment” to the Bipartisan Campaign Finance Reform Act (BCRA). Senator Ted Cruz had loaned his 2018 campaign \$260,000 and is seeking the ability to repay the full amount. (Amy Howe, *SCOTUS Blog*)

Montana: In Montana, a federal judge struck down the state's Clean Campaign Act, finding that the 2007 campaign finance practices law violated a political committee's right to free speech and due process. The law's "fair notice" provision, which was at issue in the suit, required any candidate or political committee to notify targeted candidates about negative campaign materials distributed within 10 days of an election. The judge found that the content-based restriction did not advance a compelling government interest and could chill political speech in the run-up to an election. Further, in finding no compelling interest was served by treating political action committees' who spread opposing messages differently, the judge struck down the law for violating the Equal Protection Clause. (Mike Dennison, KTVH)

Tennessee: The Tennessee Bureau of Ethics and Campaign Finance Ethics Commission found Metro Council member Jonathan Hall liable for \$360,000 in civil penalties resulting from thirty-six campaign finance violations. The violations include failing to file multiple mandatory reports during the 2018 and 2019 election cycles. Of the reports Hall's campaign did file, some were filed late or lacked required donor and vendor information. (Cassandra Stephenson, *The Nashville Tennessean*)

Legislation

Senators Mark Kelly (D-Ariz.) and Jon Ossoff (D-Ga.) will soon introduce "The Ban Corporate PACs Act," a proposed bill prohibiting for-profit corporations from establishing and managing political action committees (PACs), also known as separate segregated funds or SSFs. The proposed legislation would also eliminate the ability of PACs and for-profit corporations to solicit contributions from corporate stockholders and would require existing corporate PACs impacted by the Act to terminate and fully disburse funds within one year of the proposed bill's enactment. Under the proposal, nonprofit corporations, including trade associations, would still be permitted to form PACs via a separate segregated fund. (Alayna Treene and Sophia Cai, *Axios*)

Lobbying & Ethics

Kentucky: In Kentucky, a proposed Senate bill would block the awarding of state contracts to companies using convicted lobbyists. Under Senate Bill 46, no state contract could be awarded to or renewed with a company that used a lobbyist to win an earlier version of the contract if that lobbyist was convicted within the past five years of a crime related to winning the contract. The bill would retroactively apply to state contracts entered into since January 1, 2017. (John Cheves, *Lexington Herald-Leader*)

New Mexico: The State Ethics Commission has recommended a public hearing to determine whether state Representative Rebecca Dow, who is also a GOP candidate for governor, violated financial disclosure and government conduct rules related to the nonprofit she founded, AppleTree Educational Center. The allegations accuse Dow of violating conflict-of-interest and financial disclosure rules by seeking state grants for the nonprofit and using her legislative position to advocate on its behalf. The hearing, which has not yet been scheduled, would be the first hearing since the State Ethics Commission's inception two years ago. (Robert Nott, *Santa Fe New Mexican*)