

Lynda J. Jacobsen

Legislative Service Commission

Am. Sub. H.B. 694

126th General Assembly (As Passed by the General Assembly)^{*}

Reps. DeWine, Calvert, Trakas, Peterson, Dolan, Webster, Raga, Flowers, Martin, C. Evans, Aslanides, Coley, D. Evans, Hagan, Law, Reidelbach, Schaffer, Seaver, Setzer, Wagoner, J. White, Widener, Widowfield

Sen. Jacobson

Effective date: **

ACT SUMMARY

Model contracts

- Requires the Attorney General to develop and provide to each executive agency model contracts appropriate for use by the agency.
- Requires an executive agency to use those model contracts in any contract the agency enters into, and permits the agency to modify, alter, or add to the model contracts as the agency considers appropriate.

Solicitations of political contributions from state contractors

• Prohibits the holder of the public office with ultimate responsibility for the award of a contract, the officer's campaign committee, and a person acting on behalf of that officer from soliciting a contribution from, or directing a contribution by, the holder of a contract or a family member of the holder of the contract, to any (1) candidate or campaign committee, (2) political party, (3) ballot issue committee or political action committee the primary purpose of which is to support or oppose any

^{*} This analysis reflects the version of the act as it was reconsidered and passed by the Senate and concurred in by the House of Representatives.

^{**} The Legislative Service Commission had not received formal notification of the effective date at the time this analysis was prepared. Additionally, the analysis may not reflect action taken by the Governor.

statewide ballot issue, (4) legislative campaign fund, or (5) person that the officeholder knows or should know has made disbursements for the direct costs of producing or airing electioneering communications.

- Specifies that the previously described prohibitions begin on the date the contract is awarded and extend until one year following the conclusion of the contract.
- Specifies that the previously described prohibitions do not apply to solicitations made for contributions to the public officer's own campaign committee.
- Provides that a public officer, campaign committee, or person acting on a public officer's behalf who violates the previously described prohibition is guilty of a misdemeanor of the first degree, and requires a political entity that receives an improperly solicited contribution to return that contribution.

Political contributions by public contractors

Limits

- Expands the prohibition against awarding a public contract to an individual or organization if the individual or specified persons responsible for that organization make certain contributions to the holder of the public office with ultimate responsibility for the award of the contract to also prohibit a contract from being awarded if such a contribution is made by any child aged 7 to 17 years of such a person, by a political action committee (PAC) affiliated with the organization, or by a combination of those persons, their spouses, children aged 7 to 17 years, and affiliated PACs.
- Generally establishes contractor contribution limits of \$1,000 for individuals and persons responsible for the organization and their family members, \$2,000 for affiliated PACs, and a combined limit of \$2,000 for all such persons and related PACs.
- Establishes parallel contribution limits applicable to an organization that has been awarded a public contract, specifies that those limits apply from the time the contract is awarded until one year following the conclusion of that contract, fines a person or PAC who makes a contribution in



excess of the limits three times the amount of the excess and authorizes the Elections Commission to rescind the contract.

<u>Applicability</u>

- Applies these contractor limitations to contracts let by competitive bidding and contracts incidental to such a contract or which is by force account.
- Applies these contractor limitations to boards, commissions, committees, councils, and similar entities appointed by the Governor or chief executive officer of a municipal corporation and considers the Governor or the chief executive to be the public officer with ultimate responsibility for the award of the contract.
- Applies these contractor limitations to municipal legislative authorities, boards of education, boards of county commissioners, boards of township trustees, and other boards and commissions created by law.
- Specifies that contracts approved by the Controlling Board must be considered, for the purpose of these public contractor provisions, to be awarded solely by the agency or department that submitted the contract to the Controlling Board.
- Specifies that collective bargaining agreements with labor organizations representing employees are subject to the contractor contribution limits, but that the limits do not apply to employment contracts entered into with a single employee.
- Specifies that the act's new prohibitions do not prohibit the awarding of a contract after the act's effective date based on contributions made prior to January 1, 2007.
- Specifies that, for contracts in existence on the act's effective date, the contract must be considered to be awarded on the act's effective date, for the purpose of the act's contractor contribution limits.

<u>Miscellaneous</u>

• Specifies that generally a PAC is considered to be affiliated with a partnership or other unincorporated business, association, estate, trust, corporation, or business trust if the PAC received, as reported in its most

recent statement of contributions and expenditures, more than 50% of its from the specified persons responsible for that contributions organization.

- Requires public contracts to include a certification by the individual or organization that is awarded the contract that the individual or the persons responsible for that organization are in compliance with these contractor contribution limitations, makes it a felony of the fifth degree to knowingly falsify that certification, and requires any contract that contains a falsified certification to be rescinded.
- Expands the definition of the "holder of the public office with ultimate responsibility for the award of a contract" to also limit contributions to a candidate for that office.

TABLE OF CONTENTS

Model contracts	4
Solicitations of political contributions from state contractors	5
Prohibited solicitations	5
Exceptions	7
Penalties	7
Political contributions by public contractors	8
Contribution limits before a contract is awarded	8
Contribution limits after a public contract is awarded	9
Penalty for violations of the contribution limits	.11
Public officer with ultimate responsibility for the award of a contract	12
Applicability of contract limits to certain contracts	12
Certification of compliance	
Severability	

CONTENT AND OPERATION

Model contracts

The act requires the Attorney General to develop and to provide to each executive agency model contracts appropriate for use in contracts awarded by the agency. An executive agency that receives those model contracts must use the contracts in any contract the agency enters into. The executive agency is permitted to modify, alter, or add to the model contracts as the agency considers appropriate.



"Executive agency" means the office of an elected executive official, each administrative department, or any other state agency, department, board, or commission controlled or directed by an elected executive official or otherwise subject to the authority of an elected executive official. "Executive agency" does not include any court, the General Assembly, or the Controlling Board. (R.C. 109.96.)

Solicitations of political contributions from state contractors

Prohibited solicitations

Beginning on the date that a state contract is awarded and extending until one year following the conclusion of that contract, the act prohibits the holder of the public office with ultimate responsibility for the award of the contract, that officeholder's campaign committee, and any person acting on the officeholder's behalf from soliciting a contribution from, or directing a contribution by, the holder of the state contract or a family member of the holder of the state contract to any of the following (R.C. 3517.093(B)):¹

- Any candidate or the campaign committee of any candidate;
- A political party;
- A ballot issue committee or a political action committee or other entity the primary purpose of which is to support or oppose any ballot issue or question that will be presented to voters throughout the entire state;
- A legislative campaign fund;
- Any person that the officeholder knows or should know has done either of the following during the current calendar year or during the two previous calendar years: (1) made a disbursement or disbursements for the direct costs of producing or airing electioneering communications, or (2) made a disbursement or disbursements for the direct costs of

¹ "State contract" means a contract awarded by any agency or department of this state, the Administrator of Workers' Compensation, or the employees of the Bureau of Workers' Compensation for the purchase of goods costing more than \$500 or services costing more than \$500. For the purpose of this prohibition, a contract for services includes collective bargaining agreements with a labor organization representing employees where the holder of the public office with ultimate responsibility for the award of the agreement is a state official. (R.C. 3517.093(A).)

producing or airing communications that, if made in Ohio, would constitute electioneering communications.²

The "holder of the public office with ultimate responsibility for the award of the contract" means all of the following (R.C. 3517.093(A)(2)):

(1) The Governor and Lieutenant Governor, if the contract is awarded by the office of the Governor;

(2) The Governor, if the Governor appoints a public officer who is responsible for the award of the contract, whether or not the appointment is subject to the advice and consent of the Senate;

(3) The Secretary of State, Auditor of State, Treasurer of State, and Attorney General, if the contract is awarded by the respective office;

(4) The President of the Senate, if the contract is awarded by the Senate;

(5) The Speaker of the House of Representatives, if the contract is awarded by the House of Representatives.

The list of holders of a state contract who may not be solicited and whose contributions may not be directed under this provision includes all of the following: an individual who has been awarded a state contract; any partner or owner of a partnership or other unincorporated business that has been awarded a state contract; any shareholder of an association, including a professional association, that has been awarded a state contract; any administrator of an estate that has been awarded a state contract; any executor of an estate that has been awarded a state contract; any trustee of a trust that has been awarded a state contract; and any owner of more than 20% of a corporation or business trust, except a professional association, that has been awarded a state contract. In addition to these owners, the act prohibits the specified state officers from soliciting contributions from or directing contributions by any of the spouses or children between the ages of 7 and 17 years of the contract holders.³ (R.C. 3517.093(A)(1) and (3).)

² An "electioneering communication" means any broadcast, cable, or satellite communication that refers to a clearly identified candidate and that is made within specified time periods before a primary or general election at which a candidate will be nominated for or elected to that office (R.C. 3517.1011(A)--not in the act).

³ Under continuing law, children under seven years of age are prohibited from making political contributions (R.C. 3517.102(B)(1)(c)).

In the case of a collective bargaining agreement with a labor organization representing employees where the holder of the public office with ultimate responsibility for the award of the contract is a state official, the labor organization is considered to be the holder of the state contract. In such case, the public official with ultimate responsibility for the award of the contract is prohibited from soliciting contributions from or directing contributions by the labor organization. (R.C. 3517.093(A)(3)(h).)

In addition to prohibiting the specified state officers from soliciting or directing contributions, the act also prohibits certain entities from knowingly accepting contributions that were solicited or directed in violation of its provisions. Under the act, no candidate, campaign committee, political party, ballot issue committee, political action committee, legislative campaign fund, person, or other entity is permitted to knowingly accept a contribution that was solicited or directed in violation of the prohibition. (R.C. 3517.093(C).)

Exceptions

The previously described prohibition against soliciting or directing contributions does not apply to solicitations made by the holder of the public office with ultimate responsibility for the award of the contract, that officeholder's campaign committee, or any person acting on that officeholder's behalf for contributions to the officeholder's campaign committee (R.C. 3517.093(D)).

Additionally, the prohibition does not apply to solicitations of contributions from, or the directing of contributions by, the holder of a state contract or the family member of the holder of a state contract before the holder of the state contract became a partner, owner, shareholder, administrator, executor, trustee, or owner or after the person ceased to hold any of those positions. Furthermore, it does not apply to a spouse of the holder of the state contract before the two were married, after the granting of a decree of divorce, dissolution of marriage, or annulment, or after the granting of an order in an action brought solely for legal separation. (R.C. 3517.093(E).)

<u>Penalties</u>

If the holder of the public office with ultimate responsibility for the award of a contract, that officeholder's campaign committee, or any person acting on that officeholder's behalf solicits or directs a contribution in violation of the prohibition, the person is guilty of a misdemeanor of the first degree (R.C. 3517.992(EE)(1)). A misdemeanor of the first degree is punishable by a definite jail term of not more than 180 days, a fine of not more than \$1,000, a community control sanction, or a combination of these penalties.

A candidate, campaign committee, political party, ballot issue committee, political action committee, legislative campaign fund, person, or other entity that accepts a contribution that has been so solicited or directed is required to return to the contributor any amount so accepted (R.C. 3517.992(EE)(2)).

Political contributions by public contractors

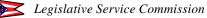
Contribution limits before a contract is awarded

Existing law prohibits an agency or department of the state or any political subdivision from awarding a contract for the purchase of goods or services costing more than \$500 (public contract) to any individual, partnership, association, estate, trust, corporation, or business trust if any of the following has made, within the previous two calendar years, one or more contributions in excess of \$1,000 to the holder of the public office having ultimate authority for the award of the contract:

- The individual;
- Any partner of the partnership;⁴
- Any shareholder of the association;
- Any administrator of the estate;
- Any executor of the estate;
- Any trustee of the trust;
- Any owner of more than 20% of the corporation or business trust;
- Any spouse of any person previously identified.

Similar language prohibits the Administrator of Workers' Compensation and the employees of the Bureau of Workers' Compensation from conducting business with or awarding a public contract to these entities if any of the specified persons has made, within the previous two calendar years, one or more contributions in excess of \$1,000 to the campaign committee of the Governor or Lieutenant Governor, or to the campaign committee of any candidate for the office of Governor or Lieutenant Governor. (R.C. 3517.13(I), (J), (Y), and (Z).)

⁴ Continuing law prohibits a contract from being awarded if a partner of a partnership makes certain contributions to the holder of the public office with ultimate responsibility for the award of the contract. The act expands this reference to apply to a partner or owner of a partnership or other unincorporated business (*R.C. 3517.13*).



The act expands these prohibitions to also prohibit a public contract from being awarded to the individual or organization if (1) a contribution in excess of \$1,000 was made by a child aged 7 through 17 years of any of the specified persons or (2) a contribution in excess of \$2,000 was made by any political action committee (PAC) affiliated with the partnership or other unincorporated business, association, estate, trust, corporation, or business trust. For the purpose of these contribution limitations, a PAC is affiliated with an organization if the PAC received, as reported on its most recent campaign finance statement, more than 50% of its contributions from the persons responsible for that organization. (R.C. 3517.13(I)(1)(a) and (4), (J)(1)(a) and (4), (L)(2), (Y)(1)(a) and (4), and (Z)(1)(a) and (4).)

In addition to these individual contribution limits, the act prohibits a public contract from being awarded to these entities (or the Bureau of Workers' Compensation from doing business with these entities) if the combined contributions of all of the following to the holder of the public office having ultimate responsibility for the award of the contract exceed \$2,000 during the prior two calendar years (R.C. 3517.13(I)(1)(b), (J)(1)(b), (Y)(1)(b), and (Z)(1)(b)):

- The individual;
- Any partner or owner of the partnership or other unincorporated business;
- Any shareholder of the association;
- Any administrator of the estate;
- Any executor of the estate;
- Any trustee of the trust;
- Any owner of more than 20% of the corporation or business trust;
- Any spouse or child aged 7 through 17 years of any person previously identified;
- Any PAC affiliated with the partnership or other unincorporated business, association, estate, trust, corporation, or business trust.

Contribution limits after a public contract is awarded

In addition to expanding contribution limits applicable before a public contract is awarded, the act establishes contribution limits applicable from the time the contract is awarded until one year following the conclusion of the contract.



Under the act, once an individual or organization has been awarded a public contract, the individual or any of the specified persons responsible for that organization and the spouse or child aged 7 to 17 years of that individual or any of those persons is prohibited from making one or more contributions totaling in excess of \$1,000 to the holder of the public office having ultimate responsibility for the award of that contract from the time the contract is awarded until one year following the conclusion of the contract.

During that same period, PACs affiliated with the organization are prohibited from making one or more contributions totaling in excess of \$2,000 to the holder of the public office having ultimate responsibility for the award of the contract. And, any combination of the individual or persons responsible for the organization, the spouses and children aged 7 to 17 years of those persons, and PACs affiliated with the organization are prohibited from making contributions that, combined, total in excess of \$2,000 to the holder of the public office with ultimate responsibility for the award of the contract. The act applies these same provisions to an individual or organization that is seeking to do business with or that has been awarded a contract by the Administrator of Workers' Compensation or the employees of the Bureau of Workers' Compensation. (R.C. 3517.13(I)(2) and (4), (J)(2) and (4), (Y)(2) and (4), and (Z)(2) and (4).) (See **COMMENT**.)

The following chart identifies the contribution limits applicable under the act to the persons responsible for an organization that is seeking or that has been awarded a public contract, to the spouses and children aged 7 to 17 years of those persons, to affiliated PACs, and to any combination of those persons, spouses, children. and PACs.

	Public contracts, generally	Bureau of Workers' Compensation
Two years preceding the award of the contract	\$1,000 from any of the specified persons or the spouses or children of those persons, \$2,000 from affiliated PACs, and \$2,000 combined from all such persons, family members, and affiliated PACs to the holder of the public office having ultimate responsibility for the award of a contract.	\$1,000 from any of the specified persons or the spouses or children of those persons, \$2,000 from affiliated PACs, and \$2,000 combined from all such persons, family members, and affiliated PACs to the campaign committee of the Governor or Lieutenant Governor, or to the campaign committee of any candidate for the office of



	Public contracts, generally	Bureau of Workers' Compensation
		Governor or Lieutenant Governor. ⁵
From the award of the contract until one year after the conclusion of the contract	\$1,000 from any of the specified persons or the spouses or children of those persons, \$2,000 from affiliated PACs, and \$2,000 combined from all such persons, family members, and affiliated PACs to the holder of the public office having ultimate responsibility for the award of the contract.	\$1,000 from any of the specified persons or the spouses or children of those persons, \$2,000 from affiliated PACs, and \$2,000 combined from all such persons, family members, and affiliated PACs to the campaign committee of the Governor or Lieutenant Governor, or to the campaign committee of any candidate for the office of Governor or Lieutenant Governor.

Penalty for violations of the contribution limits

Under continuing law, if any of the specified persons or the spouse of any of those persons made a contribution in excess of the \$1,000 limit during the two years preceding the award of the contract, the agency, department, or political subdivision awarding the contract in violation of the prohibition must be fined not more than \$1,000. Whenever a person is found guilty of violating this prohibition, the contract awarded in violation of it must be rescinded if the contract's terms have not yet been performed. The act expands this penalty to also apply to contracts awarded to an organization if any of the following made a contribution in excess of the permitted amount during the two years preceding the award of the contract: (1) a child aged 7 to 17 years of any of the specified persons, (2) a PAC affiliated with the organization, and (3) any combination of specified persons, spouses and children aged 7 to 17 of those persons, and affiliated PACs. The act also applies this penalty to contracts awarded by the Administrator of Workers' Compensation and employees of the Bureau of Workers' Compensation.

Under the act, if an individual who, or a specified person responsible for an organization that, has been awarded a public contract, the spouse or child aged 7 to 17 years of such a person, an affiliated PAC, or any combination of those persons,

⁵ Limit also applies for two years before conducting business with the organization, even if no contract is awarded (R.C. 3517.13(Y) and (Z)).

spouses, children, and PACs makes a prohibited contribution after a contract has been awarded, the person or persons must be fined three times the amount contributed in excess of the amount permitted. And, any contract that makes the person subject to contribution limit may be rescinded at the discretion of the Elections Commission. (R.C. 3517.992(R)(1) and (2).)

Public officer with ultimate responsibility for the award of a contract

As previously mentioned, the contribution limits applicable to public contractors restrict the amount of contributions that may be given to the holder of the public office having ultimate responsibility for the award of the contract. Under continuing law, this applies to contributions made to the holder of the public office, or to the public officer's campaign committee, during the time the person holds the office and during any time the person was a candidate for that office. Prior law provided that these limits did not apply to contributions made to, or to the campaign committee of, a candidate for or holder of the office other than the holder of the office at the time the contract was awarded.

The act expands these contribution limits to also apply to contributions made to, or to the campaign committee of, a candidate for the public office having ultimate responsibility for the award of the contract during any time the person is a candidate for that office. A person becomes a candidate for the office when the person files a declaration of candidacy, a declaration of intent to be a write-in candidate, or a nominating petition, the person is nominated at a primary election, or the person becomes a candidate through the filling of a vacancy. The act also applies this expanded provision to the limitation applicable to the Administrator of Workers' Compensation and employees of the Bureau of Workers' Compensation. (R.C. 3517.13(N).)

Applicability of contract limits to certain contracts

Contracts awarded by competitive bidding. Under prior law, the contribution limits on individuals or persons responsible for organizations with public contracts did not apply to contracts subject to competitive bidding, or to contracts incidental to competitively bid contracts, to contracts that are by force account. The act expands these provisions to limit contributions from individuals and persons responsible for an organization that is seeking or that has been awarded a public contract regardless of whether the contract is awarded by competitive bidding. (R.C. 3517.13(I), (J), (Y), and (Z).)

Contracts awarded by boards and commissions. Under prior law, the limitation on contributions made to the public officer with ultimate responsibility for the award of a public contract did not apply to contracts awarded by boards, commissions, committees, authorities, councils, boards of trustees, task forces, and other such entities created by law if they acted collectively in the award of the



contract. Additionally, under prior law, the office of the Governor was not considered to be the public officer responsible for the award of a contract if the contract was awarded by members of boards, commissions, committees, authorities, councils, boards of trustees, task forces, and other such entities that are appointed by the Governor. Similarly, the chief executive officer of a municipal corporation was not considered, under prior law, to be the public officer with ultimate responsibility for the award of the contract, if the contract was awarded by a board, commission, committee, authority, council, board of trustees, task force, or other such entity that was appointed by that officer. The act eliminates each of these exceptions.

Thus, under the act, a board, commission, committee, authority, council, board of trustees, task force, or other such entity may not award a contract to an individual or organization if the individual or any of the persons responsible for the organization, the spouses or children aged 7 to 17 years of those persons, PACs affiliated with the organization, or any combination of those persons, spouses, children, and affiliated PACs has made one or more contributions in violation of the applicable contribution limit. If an individual or organization has been awarded a contract by a board, commission, committee, authority, council, board of trustees, task force, or other such entity, the individual or persons responsible for the organization, the spouses or children aged 7 to 17 years of those persons, affiliated PACs and any combination of those persons, spouses, children, and affiliated PACs will be subject to the contribution limit from the award of the contract until one year following the conclusion of that contract. In addition to other boards, these provisions also apply, under the act, to contracts awarded by municipal legislative authorities, boards of education, boards of county commissioners, and boards of township trustees.

If a board, commission, committee, authority, council, board of trustees, task force, or other such entity awards a contract, and if the Governor appoints members of that entity, the office of the Governor will be considered to have ultimate responsibility for the award of a contract. If the members are appointed by the chief executive officer of a municipal corporation, that chief executive will be considered to have ultimate responsibility for the award of the contract. (R.C. 3517.13(K) and (M)(1).)

<u>Contracts submitted to the Controlling Board</u>. Prior law specified that the state contractor contribution limits did not apply to actions of the Controlling Board. The act eliminates this exception and, instead, specifies that contracts approved by the Controlling Board must be considered to be awarded solely by the agency or department that submitted the contract to the Controlling Board. Thus, under the act, contracts submitted to the Controlling Board will be subject to the contribution limits. To determine whether a contribution violates those limits, the holder of the public office with ultimate responsibility for the award of the

contract must be determined based on the agency that awarded the contract. (R.C. 3517.13(M)(2).)

Collective bargaining agreements. For the purpose of the public contractor contribution limits, the act considers collective bargaining agreements with labor organizations representing employees to be contracts for the purchase of services. The labor organization is the recipient of the contract and must be considered to be an unincorporated business. A political contributing entity or political action committee of the labor organization is subject to the same contribution limits as those applicable to an affiliated political action committee of an incorporated business. The contractor contribution limits do not apply, however, to employment contracts entered into with a single employee. (R.C. 3517.13(L)(1).)

Current contracts. If, on the effective date of the act, a state agency or political subdivision. the Administrator of Workers' department, any Compensation, or the employees of the Bureau of Workers' Compensation has already awarded a contract for the purchase of goods or services costing more than \$500, including a collective bargaining agreement, and the performance of that contract has not yet been concluded, the contract must be considered to have been awarded on the act's effective date for the purpose of the contribution limitations. Thus, from the act's effective date until one year following the conclusion of the contract, contracting individual or the persons responsible for the contracting organization, the spouses and children of those persons, any affiliated PACs, and any combination of those persons, spouses, children, and affiliated PACs must restrict their contributions to the public officer with ultimate responsibility for the award of that contract. (Section 4.)

Award of contracts based on contributions received before January 1, 2007. The act specifies that no agency or department of the state or any political subdivision is prohibited from awarding a state contract to an individual, partnership or other unincorporated business, association, estate, trust, corporation, or business trust as a result of contributions made before January 1, 2007, by either (1) a child aged 7 to 17 years of the individual or a person responsible for the organization, or (2) a combination of persons responsible for the organization, their spouses, children aged 7 to 17 years, and affiliated PACs. The act further specifies that state agencies are not prohibited from awarding a contract to an individual or organization if the individual or a person responsible for that organization, or the person's spouse, made contributions to the holder of the public office with ultimate responsibility for the award of the contract of more than \$1,000 through \$2,000 prior to January 1, 2007. Contributions of more than \$2,000 made by a person responsible for the organization or by that person's spouse prior to January 1, 2007, may still disqualify an organization from receiving a contract, as under prior law. (Section 3.)



Certification of compliance

The act prohibits a state agency or department, a political subdivision, the Administrator of Workers' Compensation, and the employees of the Bureau of Workers' Compensation from entering into a public contract with an individual, partnership or other unincorporated business, association, estate, trust, corporation, or business trust unless the contract includes a certification by that individual or organization that all of the persons responsible for the organization, their spouses, their children aged 7 to 17, and any affiliated PACs, if applicable, are in compliance with the public contractor contribution limits. No individual, partnership or other unincorporated business, association, estate, trust, corporation, or business trust is permitted to knowingly make a false statement on the required certification. Whoever violates the prohibition is guilty of a felony of the fifth degree, and the contract that includes the falsified certification must be rescinded. (R.C. 3517.13(I), (J), (Y), (Z), and (AA) and 3517.992(R)(3).)

<u>Severability</u>

The act provides that if any item of law contained in the act, or if any application of any item of law contained in the act, is held invalid, the invalidity does not affect other items of law or applications of items of law that can be given effect without the invalid item of law or application. To this end, the items of law of which the sections contained in the act are composed, and their applications, are independent and severable. (Section 5.)

COMMENT

The limitation on contributions by a combination of specified persons and family members of an organization that has been awarded a public contract might, in practice, raise issues under the First Amendment to the United States Constitution. The United States Supreme Court has indicated that making political contributions is a form of political speech and political association. Buckley v. Valeo (1976), 424 U.S. 1; McConnell v. FEC (2003), 540 U.S. 93. Although the constitution permits the amount of contributions made to be limited, the right to make a contribution is protected because it allows the contributor to associate with the candidate of the contributor's choice. It seems possible, for example, that two partners of a partnership that has received a state contract each might make a \$1,000 contribution to the holder of the public office with ultimate responsibility for the award of the contract. In such a case, any other partner, as well as any partner's spouse or child, would be prohibited from making any contribution to the holder of that public office. It also seems possible that, under the act, a business owner could inadvertently violate the contribution limit, as one partner might not be aware of contributions made by other partners or by the family members of other partners.

HISTORY

ACTION	DATE
Introduced	11-29-06
Reported, H. Finance & Appropriations	12-07-06
Passed House (63-34)	12-12-06
Reported, S. Rules	12-19-06
Passed Senate (23-10)	12-19-06
Reconsidered and Passed Senate (23-10)	12-19-06
House concurred in Senate amendments (56-32)	12-20-06

06-hb694-126.doc/kl

