If you only read one thing...

- Beginning with the Q3 2016 lobbying report, the California Fair Political Practices Commission (FPPC) is requiring California lobbyist employers to itemize “other lobbying expenses” of $2,500 or more.
- The FPPC has changed the “ride-along” rule to require that a subject-matter expert be an in-house employee and act as a subject-matter expert on only the legislative issue under discussion.

California Changes Lobbying Disclosure Requirements and Registration Exception

The FPPC has recently implemented changes to the reporting of “other payments to influence” and the ride-along rule to increase disclosure and transparency.

Other Payments to Influence

Lobbyist employers are required to file quarterly lobbying reports (Form 635) that disclose payments made to influence legislative and administrative action. Currently, lobbyist employers are required to itemize only payments to in-house registered lobbyists and outside lobbying firms and expenses on behalf of public officials. Payments for office rent and overhead; outside consultants who are not registered lobbyists; and in-house employees assisting with lobbying, but who do not themselves meet the definition of a registered lobbyist, are disclosed as a lump sum referred to as “other payments to influence.”

The FPPC has voted to expand the existing reporting obligation so as to require a more detailed disclosure of other payments to influence. Lobbyist employers will now be required to itemize expenses of $2,500 or more in a calendar quarter that were made to influence legislative or administrative action. The itemization must include the payee, the amount and the primary purpose of the payment. State and local government agencies registered to lobby in California already itemize other payments to influence using Form 640. Lobbyist employers meeting the itemization threshold will need to submit the Form 640 as part of the quarterly filing process.

This change is effective with the report due on October 31, 2016, which includes all activity for July 1, 2016 through September 30, 2016 (Q3).
Ride-Along Rule

In addition to changes in reporting, the FPPC has also approved a measure to change the ride-along rule, which the FPPC believed was too vague and allowed for abuse of state lobbying regulations.

Previously, the ride-along exception stated that an in-house employee who met or spoke with a qualifying official as a subject-matter expert in the company of a registered lobbyist retained by the individual’s lobbyist employer was not required to register as a lobbyist. For purposes of the exception, “employee” included a member of a bona fide trade association or membership organization.

Under the changes approved by the FPPC, only an employee of the lobbyist employer may be a ride-along expert and may act as a subject-matter expert on only the legislative issue under discussion. The FPPC voted on March 17, 2016, to approve the modification, but an effective date has not yet been announced.
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