

To: Our Clients, Friends and Colleagues

January 4, 2011

Georgia Ethics Legislation Going into Effect Next Week

Ethics legislation going into effect next week in the State of Georgia provides that salespeople for companies who try to convince state, city and county agencies to buy their goods or services have to register as lobbyists with the Georgia State Ethics Commission (the "Commission").

Senate Bill 17 was introduced and moved through the Georgia General Assembly due in large part to a wave of scandals involving elected officials and lobbyists at the state level. The bill garnered significant media attention for the increased scrutiny it will bring to the dealings between state legislators and lobbyists, and for the increased penalties for lobbyists' and political action committees' late filings with the Commission. However, the fact that these heightened reporting requirements, and increased penalties, will apply to certain employees of state and local government vendors (referred to by the Commission as "vendor lobbyists") has flown under the radar. The effective date for the legislation is January 10, 2011.

Under the new law, any employee whose job duties include communicating with a government official or employee to influence that government to select their company to provide goods or services will need to register as a vendor lobbyist. This new law basically codifies an earlier interpretation of the prior ethics laws that was disavowed years ago and broadens the vendor lobbyist designation to apply to political subdivisions of the State (e.g. cities, counties, school boards, and authorities).

Becoming familiar with these rule changes is especially important because the penalties for violating the new lobbyist disclosure rules can be as high as \$10,000 for each late filing (equaling more than \$40,000 per year per covered employee). The Commission will have more incentive to construe the law strictly as the law provides that the Commission may retain a portion of these penalties for its own operations, subject to the General Assembly appropriations process. Given this increased ability, the current political climate and the state's need for additional funding, we expect the Commission to vigorously enforce this new law.

To comply with the new law, companies that do business with the State of Georgia or any political subdivision thereof must first determine whether any of its employees have been hired for the purpose of

influencing a government official or employee in their procurement decisions. If the answer is yes, such employee(s) will need to be registered with the State Ethics Commission and will need to comply with the Commission's periodic reporting requirements.

Why Bryan Cave

At Bryan Cave, we have the skills and resources to guide your company through the mine field of ethics reporting in Georgia, and to ensure that your Company does not become an example of the Commission's increased powers.

Should you have any questions regarding the applicability to any of your employees, desire assistance with the reporting procedures, or want more information regarding the Georgia State Ethics Commission, please contact one of the authors listed below.

Joel C. Williams	(404) 572-6836	joel.williams@bryancave.com
Robert Lystad	(404) 572-6831	robert.lystad@bryancave.com

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