

June 19, 2020

**ILLINOIS HEALTH AND HOSPITAL ASSOCIATION
M E M O R A N D U M**

SUBJECT: Delay in Implementation until January 2021 -- Chicago Ordinance Requiring Nonprofits to Register as Lobbyists

In response to the COVID-19 pandemic, the City of Chicago has delayed the implementation of the amendments to the City's lobbying ordinance, which would have become effective Jan. 1, 2020, that require nonprofit lobbyists to register.

Originally the rules were set to go into effect Jan. 1, 2020, but were initially delayed until April after dozens of nonprofit groups objected. When City Hall was closed due to the pandemic, the implementation delay was extended until July, and ***will now last through the end of the year.***

The Chicago Board of Ethics has also attempted to clarify the new rules, issuing three *binding advisory opinions* that exempted grassroots groups or residents who press city officials on issues they are concerned about. Groups that request a zoning change, an official action or a city grant, or ask officials to support or oppose legislation, would be required to register as lobbyists in most cases, according to the most recent guidance issued by the board. Additionally, leaders who are asked by city officials to weigh in on "broad social, economic and similar problems" or to provide "technical advice or assistance" also do not have to register as lobbyists, according to the guidance.

Background

On July 24th the Chicago City Council unanimously passed an *ordinance*, which becomes effective January 1, 2020, imposing new registration requirements on nonprofit lobbyists. The ordinance requires individuals who are paid (whether through paid employment or otherwise) to advocate on behalf of nonprofit organization to now register as lobbyists with the City of Chicago's Board of Ethics ("Board of Ethics").

Overview

As part of Mayor Lightfoot's broader package of ethics reforms that are aimed at government corruption, the Chicago City Council amended its lobbyist registration requirements to include lobbyists for nonprofit organizations.

Previously Chicago's lobbying rules exempted from the definition of "lobbyists" volunteers, employees, officers and directors of nonprofit organizations. The new ordinance repeals this blanket exception; meaning that individuals associated nonprofit entities will now be required

to register if they seek to influence any legislative or administrative action on the organization's behalf.

Definition of Lobbyist

Under the ordinance "lobbyist" is broadly defined to mean any person who, as part of his duties as an employee, undertakes, among other things, to "influence any legislative or administrative action, including, but not limited to the introduction, passage or other action to be taken on an ordinance, resolution, motion, order, appointment or other matter before the City Council". Thus, regardless of whether such person is formally designated as a lobbyist by his employer or not, if his/her activities constitute lobbying activities, then they are required to register.

With respect to lobbyists for nonprofit organizations, under the new ordinance, the term "lobbyist" now includes, a person who seeks to influence legislative or administrative action on behalf of a not-for-profit entity only if such person: (i) is paid or otherwise compensated for those efforts; or (ii) undertakes those efforts as a matter of professional engagement, regardless of pay or other compensation. There is, however, an exception from the registration requirements for individuals who undertake nonpartisan analysis, studies, and research, provide technical advice or assistance, or examine or discuss broad social, economic, or similar problems on behalf of a nonprofit organization.

Registration Requirements

Registration Forms and Quarterly Filings

The registration fee is \$350.00 per person and there is an annual fee of \$75.00 for each additional registered client after the first client. The Board of Ethics may, upon written request, grant a waiver or reduction of the registration fees, if the person is a lobbyist solely for a nonprofit entity and the entity is exempt from income taxation under section 501(c)(3) of the Internal Revenue Code.

Registration Fees

If a person fails to register they can be subject to penalties and the Board of Ethics will suspend their registration and/or not accept a lobbyist registration statement from anyone who owes a fine until such fine has been paid in full.

Quarterly Reporting Requirements

No later than January 20th, April 20th, July 20th and October 20th of each year, each registrant must file a written report of lobbying activities for the previous quarter with the Board of Ethics on a Board of Ethics. Information required on the form includes: (i) the names and businesses of any entities on whose behalf lobbying was performed, (ii) the amount of compensation received from each client, (iii) the name of each city agency the registrant lobbied and a brief description of the legislation or administrative action involved, the total amount of expenditures (office expenses; public education, advertising and publications; compensation to others; personal sustenance, lodging, and travel; and other expenses; provided, however, that each expenditure of \$250.00 or more must be itemized by the date of the expenditure, the

amount, purpose and beneficiary of the expenditure, the name, address and nature of business of the recipient, and the legislative or administrative action, if any, in connection with which said expenditure was made), (iv) an itemized list of every gift given to any official or employee of the city; and (v) an itemized list of every political contribution made to any of the following persons: (a) any candidate for city office; (b) any elected official of the government of the city; and (c) any official or employee of the city seeking election to an office other than a city office.

Even if a registrant received no compensation and/or made no expenditures during a reporting period must nevertheless file a quarterly report.

Failure to File Reports / Retaining and Employing Lobbyists Who Failed to Register

If a registrant fails to file a required report, within 15 days of the due date, the Board of Ethics will notify the registrant and the registrant must file his/her report within 10 days or face suspension of his/her lobbyist registration and penalties.

Not less than 10 days before the date on which the statement is due, a registrant may request one 30-day extension for filing the report by filing a declaration with the Board of Ethics of his/her intention to defer the filing of the report. The filing of such declaration suspends application of any penalties during the extension.

No person may retain or employ a lobbyist who has failed to register as required and any person who does so is subject to penalties. Additionally, the heads of city departments are required to report to the Board of Ethics any person who they believe has lobbied without properly registering.

Penalties

Penalties are \$1,000.00 for each violation and each day that a violation continues constitutes a separate and distinct offense to which a separate fine applies.

Contingent Fees

While not amended as part of the new ordinance, it bears remembering that the ordinance states that no person may retain or employ a lobbyist for compensation contingent in whole or in part upon the approval or disapproval of any legislative or administrative matter.

Conclusion

This memo provides a summary of the highlights of the new ordinance, but hospitals should review the text of the ordinance thoroughly.

If you have any questions regarding the ordinance, please [contact IHA](#).