

los angeles

CITY ETHICS COMMISSION

information for contributors



Introduction

In April 1985, Los Angeles city voters enacted limits on contributions to candidates for city office. Those limits were the first in a series of campaign reform measures designed to encourage broader participation in the political process and help restore public confidence in government. In June 1990, the voters approved an amendment to the Los Angeles City Charter (Charter), which created the Los Angeles City Ethics Commission, strengthened city campaign finance laws, and funded the Public Matching Funds Program for city elections.

This brochure explains campaign finance laws that apply to contributors to candidates running for Mayor, City Attorney, Controller, and City Council in the City of Los Angeles.

What is a Contribution?

Contributions

A contribution is a monetary or non-monetary payment made to a candidate or a campaign committee for which goods, services, or other consideration of equal value are not provided in return. Government Code § 82015.

Monetary Contributions

Typical examples of **monetary contributions** include:

- A check written to a campaign committee;
- Cash contributions (which may not exceed \$25);
- Loans made to a campaign committee; and
- An enforceable promise to make a payment (such as a loan guarantee).

Non-Monetary Contributions

Non-monetary (in-kind) contributions are goods or services provided to a campaign or paid for at the behest of a candidate. Typical examples of in-kind contributions include:

- Food, beverages, flowers, and decorations donated for a fundraiser;
- Printing and/or mailing costs of a campaign mailer donated by the printer;
- An expenditure made at the behest of a candidate;
- The transfer of anything of value to a campaign committee without full consideration provided in return; and
- The reproduction, broadcast, or distribution of any material belonging to a candidate.

All contributions, including non-monetary contributions and loans, are subject to the contribution limits on the next page. Loans must be made in writing and repaid within 30 days.

Important Note About Non-Candidate Campaign Spending

"Non-candidate spending" may not be made at the behest of, or in consultation or coordination with, candidates or their agents. If either independent expenditures or member communications are made in cooperation with a candidate or a candidate's committee, they are in-kind contributions subject to the City's contribution limits. For an explanation of the terms "independent expenditure" and "membership communication," see Los Angeles Municipal Code (LAMC) § 49.7.1.1.

Contribution Limits

The Per-Person Contribution Limit

A person is an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, committee, or any other organization or group of persons acting in concert. California Government Code § 82047. A person is limited to the following maximum contributions under Charter §§ 470(c)(3) & (c)(4):

| Election | Type of Candidate | Per Person Contribution Limit |
|----------|----------------------------------|-------------------------------|
| Primary | Mayor, City Attorney, Controller | \$1,000 per candidate |
| | City Council | \$500 per candidate |
| General | Mayor, City Attorney, Controller | \$1,000 per candidate |
| | City Council | \$500 per candidate |

Example: You contribute \$500 to City Council Candidate Jones in the primary election. Candidate Jones goes on to the general election. You may contribute another \$500 to her for the general election.

Note: Under limited circumstances, the per-person contribution limit may be raised in some races. Charter § 470(c)(6). If you have questions about whether contribution limits have been raised in a particular race, please contact the Ethics Commission.

The Cumulative Contribution Limit

In addition to the individual limits, there is a cumulative limit on the overall amount one person may contribute in an election. This limit changes every election, because it is determined by a formula based on the number of elective offices that will appear on the ballot for that particular election. Charter § 470(c)(6).

The limit for the 2009 primary election is calculated as follows:
[3 Citywide seats X \$1,000] plus [8 Council District seats X \$500] = \$7,000.

Therefore, the cumulative contribution limit for the March 3, 2009, primary election is \$7,000 per person.

| Election | Type of Candidate | Cumulative Contribution Limit |
|----------|-------------------|---|
| Primary | All candidates | \$7,000 for 2009 |
| General | All candidates | Depends on the number of seats in the General election. |

Example: In connection with the 2009 primary election, Jane Contributor gives \$200 each to five candidates running for City Council seats, for a total of \$1,000. She also gives \$1,000 each to six candidates running for Mayor and City Attorney, for a total of \$6,000. Jane Contributor has contributed a total of \$7,000 and may not make additional contributions in the primary election.

When Contributions are Considered to be From a Single Source

Under certain circumstances, contributions and expenditures from two or more persons will be aggregated and considered to be from a single person—meaning they will be subject to the per-person, per-election contribution limits. Contributions and expenditures from two or more persons will be aggregated if any of the following circumstances applies. LAMC § 49.7.2.

Contributions are aggregated if made by the following persons:

- A corporation, limited liability corporation (“LLC”), firm, joint venture, syndicate, business trust, company, general or limited partnership, or other business entity that is not a sole proprietorship and an individual who owns an investment of 50% or more or holds a majority of voting rights in that organization;
- A sole proprietorship and the individual who owns it;
- A general or limited partnership and a general partner who owns an investment of 50% or more or holds a majority of the voting rights;
- Two persons when one controls the other’s contribution or expenditure activity;
- Two persons when one is the sponsoring organization (as defined in Govt. Code § 82048.7 and 2 CCR § 18419(2)) of the other;
- Two entities when the same individuals make up the majority of the members of their boards of directors;
- Two entities that share the same officers or a majority of officers (other than a member of the board of directors);
- A corporation or LLC and another corporation or LLC that shares the same majority shareholder or member with, or holds a majority of voting rights in, the first; or
- Two corporations in a parent-subsidary relationship, provided that at least one of them is not publicly traded.

Contributions by a husband and wife are treated as separate contributions. Contributions from children under the age of 18 are treated as contributions by their parents and attributed proportionately—that is, one-half to each parent or the total amount to a single custodial parent. LAMC § 49.7.3.

Example: You are the sole proprietor of a restaurant, and you give a City Council candidate \$300. You may not make a separate contribution from your restaurant’s bank account of more than \$200, because the contributions would be aggregated and the contribution limit is \$500 for a City Council candidate.

How to Make a Contribution

Give no more than \$25 in cash.

You may not give more than \$25 in cash to a candidate. All contributions greater than this amount must be made by a written instrument. Charter § 470(d).

Make contributions of \$100 or more on imprinted checks.

A monetary contribution of \$100 or more must be made by an imprinted check that: a) contains your name (or the name of the intermediary); b) contains the name of the payee; and c) is drawn from your account (or the intermediary's account). Contributions of \$100 or more may not be made by cashier's check or traveler's check. California Government Code § 84300(c). Other rules apply to contributions made by credit card (see below).

Provide address, occupation, and employer information.

Candidates must have your name, address (including zip code), occupation, and employer on file before depositing your contribution into their campaign bank accounts. LAMC § 49.7.11(B).

Make contributions in your own name only.

It is illegal for you to make a contribution in someone else's name or for you to reimburse someone for a contribution. Charter § 470(k). If you are asked to make a contribution in another person's name or are offered reimbursement for your contribution, please contact the City Ethics Commission.

Report your contributions, if required.

If your contributions to City candidates and to other California state or local committees total \$10,000 or more in a calendar year, you must file a Major Donor Committee Campaign Statement (California Form 461). The deadline and location for filing this statement will depend upon the timing and types of contributions you have made. 2 CCR § 18427.1(b). In addition, once you become a major donor, you may be required to file a late contribution report within 24 hours if you make contributions totaling \$1,000 or more to a single candidate or committee during the 16 days before an election. California Government Code § 84203.

You may make a contribution from a joint checking account.

If you make a contribution with a check that has the name of more than one individual imprinted on it, state law requires that contribution to be attributed to the individual whose name appears on an imprinted check and who also signs it, unless a signed document accompanying the check states otherwise. If each individual whose name is imprinted on the check also signs it, the contribution will be attributed to each contributor equally, unless a signed document accompanying the check states otherwise. FPPC Campaign Manual 2, p. 2-5.

You may make a contribution using a credit card.

You may make a contribution using a credit card if the candidate or committee to which you are contributing is set up to accept credit card contributions. Be sure to disclose whether you are making the contribution with a personal credit card or a business credit card and provide all other contributor information required. FPPC Campaign Manual 2, p. 1-6.

Prohibited Contributions

Contributions from lobbyists and lobbying firms

A lobbyist or lobbying firm may not make a contribution to a candidate if the lobbyist or lobbying firm is registered to lobby the office the candidate is seeking or the candidate's current agency. Similarly, candidates for City office are prohibited from receiving such contributions. Charter § 470(c)(11).

Contributions in exchange for action

It is illegal to ask for or offer to make a political contribution in exchange for an official action. LAMC § 49.5.5. For example, if you are applying for a permit or license and you are told that you must make a contribution to receive favorable treatment, do not make the contribution. You should not be pressured into making a political contribution. If you are pressured or threatened, please contact the City Ethics Commission.

Contributions delivered or received in City buildings

Contributions may not be received or delivered in City Hall, any other City-owned building, or any building for which the City pays the majority of the rent, unless the location is routinely made available for rent to the public. LAMC § 49.7.8(D).

Soliciting contributions from City employees

No one may knowingly solicit contributions from City of Los Angeles officers and employees, including commissioners. California Government Code § 3205; LAMC § 49.7.8(A).

Contributions by foreign nationals

Federal law prohibits foreign nationals from contributing to political campaigns. A foreign national is a person who is not a citizen of the United States of America or does not have legal permanent residency status, as well as any foreign corporation, partnership, or organization that has a foreign country as its principle place of business. Additionally, a U.S. subsidiary of a foreign or U.S. corporation that is owned by a foreign national also may be prohibited from making contributions under certain circumstances. 2 U.S.C. § 441(e); <http://www.fec.gov/pages/brochures/foreign.shtml>.

Officeholder Accounts

An elected official may establish an officeholder account to raise and spend money for legislative and governmental purposes while in office. Officeholder funds may not be used for campaign purposes. Officeholder expenditures are limited to those related to assisting, serving, and communicating with constituents.* LAMC § 49.7.12. Contributions to officeholder accounts do not count toward the cumulative campaign contribution limits. Contribution limits to officeholder accounts are as follows:

| | Type of Officeholder | Per-Person Contribution Limit |
|------------------------|----------------------------------|-------------------------------|
| Officeholder Committee | Mayor, City Attorney, Controller | \$1,000 per fiscal year |
| | City Council | \$500 per fiscal year |

*If you become aware of or are asked to participate in illegal activity regarding political contributions, please report that information to the City Ethics Commission. **All complaints are confidential, as permitted by law.** You may call the Whistleblower Hotline any time at (800) 824-4825, or you may call our main office number during regular business hours at (213) 978-1960.*

* Officeholders may also open legal defense funds as sub-accounts of their officeholder accounts. Separate contribution limits apply to legal defense funds. LAMC § 49.7.12(B). Please contact the Ethics Commission for more information.