

# Campaign Finance Ordinance

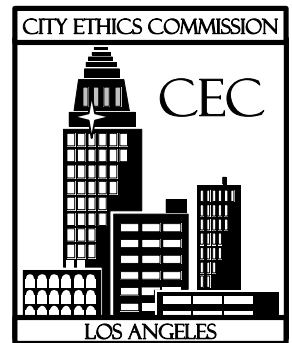
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◆◆◆ Los Angeles Municipal Code Section 49.7.1 *et seq.*

*Last Revised May 20, 2007*

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## **Campaign Finance Ordinance**

*Los Angeles Municipal Code Chapter IV, Article 9.7  
Added by Ordinance No. 165607, effective 4/21/90.*

### **SEC. 49.7.1           Relation of Regulations to Sections 470 and 609(e) of the City Charter**

*Amended by Ordinance No. 175344, effective 8/16/03.*

The provisions of this article relating to contribution limitations are in addition to and supplement the regulations contained in Charter Sections 470 and 609(e). The provisions of this Article relating to public financing and expenditure limitations are adopted pursuant to the authorization contained in Charter Section 471.

#### **SEC. 49.7.1.1       Definitions**

*Added by Ordinance No. 175344, effective 8/16/03.*

The following terms used in this article shall have the meanings set forth below. Except as otherwise provided here, the terms and provisions of this article shall have the meanings and shall be interpreted in accordance with the applicable definitions and provisions of the Political Reform Act of 1974, as amended (Government Code Section 81000, *et seq.*) and the regulations of the California Fair Political Practices Commission, as amended.

**“Candidate or Committee Agent”** means any person who has express or implied authority to make or to authorize the making of expenditures on behalf of the candidate. There shall be a rebuttable presumption that the following have that authority: current or former officers of the candidate-controlled committee, employees of the campaign, persons who have received compensation or reimbursement from the campaign, or any person who has been placed in a position within the campaign organization where it would reasonably appear that in the ordinary course of campaign-related activities he or she may authorize expenditures. A candidate’s agent is also any person who is serving or has served in an advisory, decision-making, or strategic role with a candidate’s campaign, with or without compensation, where that person’s duties and/or actions reflect or require direct knowledge of the candidate’s campaign strategy, plans, or needs.

**“Elective City Officer”** means any person who is a City Council Member, City Attorney, Controller or Mayor, whether appointed or elected.

**“Independent expenditure”** means an expenditure made by any person in connection with a communication that expressly advocates the election or defeat of a clearly identified candidate; or, taken as a whole and in context, unambiguously urges a particular result in an election, but which is not made to or at the behest of the affected candidate or committee.

**“Member communications”** means payments made pursuant to Government Code Section 85312.

- (a) For purposes of this article, payments for member communications that are behested by candidates, with the exception of payments for a regularly published newsletter or periodical limited solely to individual members not exceeding the amount of payments regularly made to publish a regular newsletter or periodical, shall be considered contributions to that candidate or candidate controlled committee for purposes of the City contribution limits contained in Charter Section 470 (c) and City reporting requirements.
- (b) For purposes of this article, member communications that are not behested by a candidate, a candidate’s controlled committee, or an agent of a candidate or a candidate’s controlled committee are not considered contributions to a candidate.
- (c) Member communications that are not behested by a candidate, a candidate’s controlled committee, or an agent of a candidate or a candidate’s controlled committee and are not payments for a regularly published newsletter or periodical limited solely to individual members and do not exceed the amount of payments regularly made to publish a regular newsletter or periodical, are considered expenditures and are required to be reported pursuant to Section 49.7.26 of this Code.

**“Non-Candidate Spending”** means any combination of independent expenditures and/or member communications that are not behested by a candidate.

**SEC. 49.7.1.2 Cost of Living Adjustment**

*Added by Ordinance No. 175344, effective 8/16/03.*

Every five years, the City Ethics Commission shall review whether the expenditure limitations contained in Sections 49.7.12 A 6 and 49.7.13 and/or the contribution limitations contained in Charter Section 470 (c) should be adjusted to reflect changes in the Consumer Price Index (CPI) for the Los Angeles-Long Beach Metropolitan Statistical Area. The first review shall begin at the end of the calendar year 2007. If the contribution and/or expenditure limitations are not adjusted during any review period, the limitations may be adjusted in a subsequent five-year review period, up to the overall increase in the CPI since the last adjustment. Any change to the contribution and/or expenditure limitations shall be effective for any subsequent election for which the fundraising period has not yet opened as provided in Section 49.7.7. The City Ethics Commission shall forward a report with its findings to the City Council by March 1, following each review.

**SEC. 49.7.2            Aggregation of Payments**

*Amended by Ordinance No. 175344, effective 8/16/03.*

For the purposes of the contribution limitations contained in Charter Section 470 and this article, the following shall apply:

Contributions and/or expenditures from two or more persons will be aggregated and considered to be made by a single person for the purposes of the contribution limitations and other provisions contained in Charter Section 470 and this article, if any of the circumstances listed below is applicable:

- A. Contributions and/or expenditures from a person will be aggregated with contributions and/or expenditures from any other person that controls his, her, or its contribution or expenditure activity.
- B. Contributions and/or expenditures from a sponsored committee, as defined in Government Code Section 82048.7, shall be aggregated with contributions and/or expenditures from its sponsoring organization.
- C. Contributions and/or expenditures from an entity shall be aggregated with contributions and/or expenditures from any other entity that has the same individuals constituting a majority of the members of each entity's board of directors.
- D. Contributions and/or expenditures from an entity shall be aggregated with contributions and/or expenditures from any other entity that has the same officers or with whom it shares a majority of officers. For the purposes of this subdivision an officer does not include an individual who serves only as a member of the entity's board of directors.
- E. Contributions and/or expenditures from a corporation or limited liability company shall be aggregated with contributions and/or expenditures from any other corporation or limited liability company that has the same majority shareholder and/or member or that holds a majority of voting rights in that corporation or limited liability company.
- F. Contributions and/or expenditures from a corporation shall be aggregated with contributions and/or expenditures from any parent or subsidiary corporation, provided that at least one of the corporations is not publicly traded.
- G. Contributions and/or expenditures from an individual shall be aggregated with contributions and/or expenditures from any corporation, limited liability company, firm, joint venture, syndicate, business trust, company or other business entity not described in Subdivisions H or I below, in which the individual owns an investment of 50% or more or holds a majority of voting rights.

- H. Contributions and/or expenditures from an individual shall be aggregated with contributions and/or expenditures from any sole proprietorship the individual owns.
- I. Contributions and/or expenditures from a general partner shall be aggregated with contributions and/or expenditures from any general or limited partnership in which the general partner owns an investment of 50% or more or in which the general partner holds a majority of voting rights.

**SEC. 49.7.3 Family Contributions**

- A. Contributions by a husband and wife shall be treated as separate contributions.
- B. Contributions by children under eighteen years of age shall be treated as contributions by their parents and attributed proportionately to each parent (one-half to each parent or the total amount to a single custodial parent).

**SEC. 49.7.4 Return of Contributions**

A contribution shall not be considered to be received if it is not negotiated, deposited, or utilized, and is returned to the donor within 14 days of receipt.

**SEC. 49.7.5 Money Received by Officials Treated as Contribution, Income or Gifts**

*Amended by Ordinance No. 175344, effective 8/16/03.*

Any payments received by an elective City officer, candidate for elective City office or any committee controlled by the officer or candidate shall be considered either a campaign contribution, income, gift or payment for legislative or governmental purposes within the meaning of Government Code Section 82015(b)(2)[(B)](iii). All campaign contributions received by those persons shall be subject to the provisions of Charter Sections 470 and 471 and this article unless the contributions are used exclusively for an election in some other jurisdiction. All income and gifts shall be subject to the relevant provisions of the City Charter, this Article, the Political Reform Act (Government Code Sections 87100, et seq.), as amended, and other relevant statutes and ordinances. All payments for legislative or governmental purposes within the meaning of Government Code Section 82015(b)(2)[(B)](iii) other than payments exempted by Section 49.7.12 A of this Code shall be subject to the Officeholder Account provisions of Section 49.7.12 of this Code.

**SEC. 49.7.6            Loans**

*Amended by Ordinance No. 172942, effective 1/21/00*

*Amended by Ordinance No. 175344, effective 8/16/03.*

- A.    A loan shall be considered a contribution from the maker and the guarantor of the loan and shall be subject to the contribution limitations of Charter Section 470 and this article.
- B.    Every loan to a candidate or the candidate's controlled committee shall be by written agreement which shall be filed with the candidate's or committee's campaign statement on which the loan is first reported.
- C.    The proceeds of a loan made to a candidate by a commercial lending institution in the regular course of business on the same terms available to members of the public and which is secured or guaranteed shall not be considered to be a contribution within the meaning of the contribution limitations of Charter Section 470 and this article.
- D.    Extensions of credit (other than loans referred to in Subsection C) for a period of more than 30 days are subject to the contribution limitations of this Article.
- E.    The total balance of all personal loans from a candidate to his or her controlled committee for elective City office remaining after election to City office in excess of the following amounts shall be considered a direct contribution to that candidate's committee:
  - 1.    \$25,000 for candidates for City Council;
  - 2.    \$100,000 for candidates for the offices of Mayor, City Attorney, or Controller.
- F.    Any balance of any personal loan from a matching funds candidate to his or her controlled committee remaining after election to City office shall be considered a direct contribution from the candidate to his or her controlled campaign committee if that candidate exceeded an applicable spending limit during an election.

**SEC. 49.7.7            Restrictions on When Contributions May Be Received**

*Amended by Ordinance No. 175344, effective 8/16/03.*

- A.    No candidate for City Council, nor the controlled committee of that candidate, shall solicit or accept or cause to be solicited or accepted any contribution more than 18 months before the date of the election at which the candidate seeks office. No candidate for Mayor, City Attorney or Controller, nor the controlled committee of that candidate shall solicit or accept or cause to be solicited or accepted any contribution more than 24 months before the date of the election at which the candidate seeks office.

- B. No candidate for elective City office, or his or her controlled committee, shall solicit or receive or cause to be solicited or received a contribution to his or her own campaign committee from any person later than nine months after the date of the election. Contributions solicited or received or caused to be solicited or received by a candidate for elective City office, or his or her controlled committee, following his or her election shall be used to retire debt except to the extent prohibited by Sections 49.7.6 and 49.7.12.

**SEC. 49.7.8 Solicitation and Transmittal of Campaign Contributions**

*Amended by Ordinance No. 172890, effective 12/16/99.*

*Amended by Ordinance No. 175817, effective 4/11/04.*

- A. No person, including but not limited to any City official, employee, or candidate for elective City office, shall, directly or indirectly, knowingly solicit campaign contributions from any City official or employee to support or oppose the candidacy of any person for elective City office or for the recall of any elective City officer, or for an officeholder expense account. Nothing in this subsection shall prohibit any of these persons from communicating through the mail or by other means requests for campaign funds or contributions to a significant segment of the public, which may include officers or employees of the City.
- B. No member of a board or commission of the City, including a member of the Board of Public Works, or general manager of any City department shall solicit, direct or receive any contribution from any person, or his or her agent, who has a proceeding involving any legislative or administrative action pending before the official or has had such a matter pending during the preceding 12 months.
- C. No member of a City board or commission who is required to file a Statement of Economic Interests shall engage in prohibited fundraising activity on behalf of an elective City officer, candidate for elective City office, or any of his or her controlled committees.
  - 1. For purposes of this subsection, a “controlled committee” means any City committee controlled by an elective City officer or candidate for elective City office, including any City campaign, officeholder, legal defense fund, or ballot measure committee.
  - 2. For purposes of this subsection, “prohibited fundraising activity” means:
    - (a) Requesting, either orally or in writing, that another person make a contribution;
    - (b) Inviting a person to a fundraising event;
    - (c) Supplying names to be used for invitations to a fundraising event;

- (d) Allowing his or her signature to appear on a solicitation for contributions or invitation to a fundraising event;
  - (e) Allowing his or her official title to be used on a solicitation for contributions or invitation to a fundraising event;
  - (f) Allowing his or her name to be used on a solicitation for contributions or invitation to a fundraising event;
  - (g) Providing the use of his or her home or business to hold a fundraising event;
  - (h) Paying for at least a majority of the costs of a fundraising event;
  - (i) Hiring another person to conduct a fundraising event;
  - (j) Delivering a contribution, other than his or her own, either in person or by mail in a manner in which he or she communicates his or her identity to the elective City officer, candidate for elective City office, or any of his or her agents; or
  - (k) Acting as an agent or intermediary in connection with the making of a contribution.
- 3. For purposes of this subsection, “fundraising event” means an event designed primarily for political fundraising at which contributions for an elective City officer, candidate for elective City office, or any of his or her controlled committees are solicited, delivered or made.
  - 4. The provisions of this subsection shall not apply to a member of a City board or commission who is engaging in fundraising activity on behalf of his or her own candidacy or controlled committee for elective office.
- D. No person shall receive or personally deliver or attempt to deliver a contribution in City Hall, or other City office building, or in any office for which the City pays the majority of the rent. Space in a City office building or other City property that is routinely made available for rent by the public and that is rented for a campaign related event is excluded from this prohibition.
- 1. For purposes of this subsection, “personally deliver” means to deliver a contribution in person or to cause a contribution to be delivered in person by an agent or intermediary;

2. For purposes of this subsection, “receive” includes the receipt of a campaign contribution delivered in person but does not include a campaign contribution received by mail if it is forwarded to the campaign treasurer of the candidate, or his or her controlled committee, within seven working days of its receipt.

**SEC. 49.7.9 Training for Candidates and Treasurers**

*Amended by Ordinance No. 172890, effective 12/16/99.*

Every City candidate for Mayor, Controller, City Attorney and City Council, and every treasurer of such candidate’s controlled committee, shall attend a training program conducted or sponsored by the City Ethics Commission prior to the election at which the candidate’s name will appear on the ballot.

**SEC. 49.7.10 Committee or Individual Filing a Recall Petition or Initiative**

In the event a recall petition or are [sic] initiative petition relating to City law is filed, the committee or individual filing the petition shall be subject to the same campaign disclosure provisions as are applicable to candidates for elective City office.

**SEC. 49.7.11 Campaign Disclosure, Reporting & Recordkeeping**

*Added by Ordinance No. 172344, effective 8/16/99.*

*Added by Ordinance No. 174081, effective 8/11/01.*

*Amended by Ordinance No. 175344, effective 8/16/03.*

*Amended by Ordinance No. 178587, effective 5/20/07.*

A. **Additional Pre-Election Campaign Statements.** In addition to the campaign statements required to be filed pursuant to the Political Reform Act, commencing with Government Code Section 81000, as amended, candidates for Mayor, Controller, City Attorney and City Council, their controlled committees and committees primarily formed to support or oppose these candidates shall file a pre-election statement on the Friday before the election. This statement shall have a closing date of the Wednesday before the election and shall cover activity and payments occurring through that day. Candidates for elective City office, their controlled committees and committees primarily formed to support or oppose these candidates shall also file campaign statements as follows in connection with a City primary election held in March of an odd-numbered year.

1. For the period ending September 30 of the year prior to the election, a statement shall be filed no later than October 10, for the period from July 1 through September 30.

2. For the period ending December 31 of the year prior to the election, a statement shall be filed no later than January 10, of the year of the election for the period from October 1 through December 31.
- B. Contributor Occupation & Employer.** No contribution shall be deposited into a campaign checking account of a candidate for Mayor, Controller, City Attorney or City Council unless the name, address, occupation and employer of the contributor is on file in the records of the recipient of the contribution.
- C. Campaign Literature.** Each candidate for elective City office, and each committee making independent expenditures or member communications in a City election, who sends a mailing or distributes more than 200 substantially similar pieces of campaign literature shall send a copy of the mailing or other literature to the City Ethics Commission at the same time the mailing or other literature is given to the post office or otherwise distributed. Committees making independent expenditures or member communications in a City election and candidates who are required to open a campaign committee for City elective office shall electronically submit the mailing or other literature to the Commission in a Portable Document Format (PDF) or other electronic format pre-approved by the Commission. A candidate who is not required to open a committee for elective City office may submit the mailing or other literature either electronically or by mail, personal delivery, or facsimile. The Commission shall post without alteration all electronic submissions it receives under this section on its website within two business days of receipt. The Commission shall also post without alteration and within two days of receipt all other submissions it receives under this section on its website. The Commission shall not judge, comment upon or edit the contents of the mailings or other literature.
- D. Online Disclosure of Campaign Statements.**
1. Any candidate for Mayor, Controller, City Attorney or Member of the City Council and the candidate's controlled committee required to file campaign statements with the City Ethics Commission shall file those campaign statements online, using the Commission's Electronic Filing System (EFS), after the candidate and/or committee has received contributions or made expenditures of \$25,000 or more in connection with election to an office listed in this subsection. Once a candidate or committee is required to file campaign statements online, that candidate or committee shall continue to file statements online until the committee has officially terminated. July 1, 2001, will be the beginning date for calculating the \$25,000 threshold.
  2. Committees and other persons not required to file online by this section may do so voluntarily.

3. A person required by subdivision 1 to file online shall continue to file a paper copy of each campaign statement, as required by the California Political Reform Act and this Article, until the person is no longer required to file campaign statements with the City Ethics Commission. The paper copy shall continue to be the original campaign statement for audit and other legal purposes.
4. In addition to any late filing penalties that may be imposed for a late filing of a paper copy pursuant to the California Political Reform Act or this Article, any person who fails to comply with the online filing requirement of this section will, in addition, be subject to an additional late filing penalty of \$25 per day after the deadline for the late filing of the online copy.
5. The information contained on a campaign statement filed online shall be the same as that contained on the paper copy of the same statement that is filed with the Commission.
6. The Electronic Filing System (EFS) is an internet-based, interactive computer program developed by the Los Angeles City Ethics Commission and available on its website and allows persons to file, view and search statements and reports filed with the Commission online.

**SEC. 49.7.12 Officeholder Controlled Funds**

*Amended by Ordinance No. 172480, effective 4/10/99.*

*Amended by Ordinance No. 172481, effective 4/10/99.*

*Amended by Ordinance No. 175344, effective 8/16/03.*

**Declaration of Purpose:**

To effectively serve and fulfill their responsibilities to residents of the City, elected City officers communicate with constituents, undertake efforts to assure efficient City services, and engage in professional development activities. To accomplish these duties and responsibilities, the Mayor, City Attorney, Controller and each Member of the City Council may establish and maintain one officeholder expense fund to pay for expenses enumerated in this section that relate to carrying out the duties associated with holding elected City office. Any expenditures made by a committee for the purposes of assisting, serving, or communicating with constituents must be made from the officeholder account.

**A. Officeholder Expense Fund**

1. Each elected City officer shall be permitted to establish and maintain one officeholder expense fund, subject to the provisions of this section.

2. An expenditure from the officeholder expense fund must be related to assisting, or serving, or communicating with constituents, or otherwise made in connection with the official duties of the elected City officer, provided, however that no expenditure may be made from an officeholder expense fund regulated by this section unless the expenditure falls into one or more of the following categories:
  - (a) Expenditures for fundraising (including solicitations by mail) for the officeholder expense fund.
  - (b) Expenditures for office equipment, office furnishings and office supplies.
  - (c) Expenditures for office rent.
  - (d) Expenditures for salaries of part-time or full-time staff employed by the officeholder expense fund committee.
  - (e) Expenditures for consulting, research, polling, photograph, videotaping and similar services.
  - (f) Expenditures for conferences, meetings, receptions, and events attended in the performance of governmental duties by (1) the officeholder, or (2) a member of the officeholder's staff. These expenditures may include fees for materials, registration or admission.
  - (g) Expenditures for travel, including lodging, meals, and other related disbursements, incurred in the performance of governmental duties by the officeholder, a member of the officeholder's staff, or a member of such person's household accompanying the person on such travel.
  - (h) Expenditures for meals during which the attendees conduct official City business.
  - (i) Expenditures for donations to tax-exempt educational institutions or tax exempt charitable, civic or service organizations.
    - (1) For purposes of this paragraph, a "donation" is a payment of which a majority of the expenditure could be deducted as a charitable deduction for federal income tax purposes. A donation may be the purchase of tickets to a charitable event, provided that the majority of the ticket price would be tax deductible, and that no substantial part of the proceeds from the event will personally benefit the elected officer, any member of his or her immediate family, or his or her officeholder expense committee, or the committee's treasurer.

- (2) An organization shall be considered tax exempt within the meaning of this paragraph only if it has received a federal tax exemption under Internal Revenue Code Section 501(c)(3).
- (j) Expenditures for memberships to civic or professional organizations, if such membership serves a governmental or legislative purpose.
  - (k) Expenditures for an educational course or educational seminar if the course or seminar maintains or improves skills which are employed by the officeholder or a member of the officeholder's staff in the performance of his or her governmental responsibilities.
  - (l) Expenditures for advertisements in program books, testimonials, souvenir books, or other publications if the advertisement does not support or oppose the nomination or election of a candidate for City office.
  - (m) Expenditures for mailings to persons within the City which provide information related to city-sponsored events, government services, the requirements of the law or an official's position on a particular matter on which the Council, Mayor or a City agency is acting or has recently acted.
  - (n) Contributions or expenditures to support or oppose candidates seeking election to an office other than an elective City office.
  - (o) Contributions or expenditures to support or oppose ballot measures.
  - (p) Contributions to a political party or committee, including the purchase of tickets to political events, where no substantial part of the proceeds will personally benefit the elected officer, any member of his or her immediate family or his or her committee treasurer.
  - (q) Expenditures for expressions of congratulations, appreciation or condolences sent to constituents, employees, governmental officials, or other individuals with whom the officeholder communicates in his or her official capacity. No more than \$100 per fiscal year may be expended per individual recipient acknowledged pursuant to this paragraph.
  - (r) Expenditures for conferences, meetings, receptions and events concerning City business or issues which are officially sponsored and hosted by the elected officer and his or her office. These expenditures may include site fees, advertising brochures, invitations, materials distributed to attendees, refreshments, equipment and services, and other incidental expenses.

- (s) Expenditures for events such as meetings, luncheons and retreats attended primarily by the elected officer's staff in the conduct of official City business.
  - (t) Expenditures for social events held by the elected official to honor or thank members of his or her staff, or in connection with a holiday celebration, attended primarily by the elected officer's staff.
  - (u) Expenditures for payment of tax liabilities incurred as a result of authorized officeholder expense fund transactions.
  - (v) Expenditures for accounting, professional, and administrative services provided to the officeholder expense fund.
  - (w) An expenditure similar to an expenditure detailed in Paragraphs (a) through (v), inclusive, if, prior to making the expenditure, the officeholder or the officeholder expense fund has received written advice from the City Ethics Commission that the expenditure is permissible pursuant to this paragraph. The City Ethics Commission shall respond to requests for such approval no more than five working days from the date a request for formal advice has been received.
3. Officeholder expense funds shall not be used for the following:
- (a) Expenditures in connection with a future election for elective City office.
  - (b) Membership in any athletic, social, fraternal, veteran or religious organization.
  - (c) Supplemental compensation for employees for performance of an act which would be required or expected of the person in the regular course or hours of his or her duties as a City official or employee.
  - (d) Any expenditures that would violate the provisions of Government Code Section 89506 or 89512 through 89519.
4. No person shall make, and no elective City officer or officeholder fund shall solicit or accept or cause to be solicited or accepted from any person any contribution or contributions or any payment or payments for legislative or governmental purposes within the meaning of Government Code Section 82015(b)(2)(iii), all of which cumulatively exceeds the following during any fiscal year:
- (a) \$1,000 to the officeholder expense fund of the Mayor, City Attorney or Controller; or

- (b) \$500 to the officeholder expense fund of a Member of the City Council.

For purposes of this Code, a payment made for legislative or governmental purposes does not include any payments by Internal Revenue Code Section 501(c)(3) non-profit organizations and bona fide educational institutions for a salary or other remuneration to a student or other worker who serves as an intern in the office of an elective City officer.

- 5.
  - (a) No elective City officer or his or her officeholder expense fund shall solicit or accept or cause to be solicited or accepted any contribution that would cause the total of either the amount of contributions from all persons to an officeholder expense fund or the total outstanding balance of the fund during any fiscal year to exceed \$75,000.
  - (b) Campaign funds remaining in the campaign checking account of a candidate elective [sic, elected] to City office shall be transferred into his or her officeholder account within six months of election to office. The amount of funds transferred from an officeholder's campaign committee and from any other officeholder expense fund account controlled by the same elective City officer shall reduce by an equal amount the contributions that may be solicited or accepted for the officeholder account during that fiscal year. A maximum of \$75,000 shall be transferred into the account. If the transfer equals \$75,000, no contributions may be solicited or accepted for the officeholder account for the fiscal year during which the transfer is made.
- 6. Except for expenditures made for purposes pursuant to paragraphs (i), (n), (o), (p), (q), and (u) of subdivision 2 of this subsection, no expenditure from the officeholder expense fund of an elected City officer shall be made which would cause cumulative expenditures of the fund during a fiscal year to exceed \$75,000.
- 7. After the elected City officer has filed a "Declaration of Intent to Solicit and Receive Contributions" in connection with any future election for elective City office, or during the twelve months prior to the date of the election on which the elected City officer's name will appear on the ballot at a primary nominating or general municipal election, whichever comes first, officeholder expense funds shall be expended only for:
  - (a) those purposes set forth in paragraphs (a), (b), (c), (d), (f)(2), (g) (when in conjunction with Internal Revenue Code 501(c)(3) tax exempt organizations), (h), (i), (j), (k), (n), (o), (p), (q), (r), (s), (t), (u), (v) of subdivision 2 for this subsection;

- (b) any mailing of 200 or fewer substantially similar pieces to persons within the official's district which provides information related to City business; or
  - (c) any mailing of more than 200 substantially similar pieces which provides information about City business, if the piece:
    - (1) does not contain an elected official's photograph, and;
    - (2) does not contain an elected official's name, other than:
      - (i) as part of an official's electronic mail or internet address,
      - (ii) once on a letterhead, logotype or form, and
      - (iii) once on the envelope.
8. Notwithstanding Subdivision 7 above, no mailing may be produced or sent at officeholder expense between the time the elected City officer has filed a "Declaration of Intent to Become a Candidate" for any elective City office and the date of the election at which the person appears on the ballot.
9. No expense for personal services shall be incurred by an officeholder expense fund committee unless the committee first enters into a written contract for such services. Such contract must set forth the services to be performed and the amount that will be paid for such services (or a basis for calculating such amount).

**B. Legal Defense Fund**

- 1. Every elected City officer or candidate for elective City office shall be permitted to establish and maintain one Legal Defense Fund.
- 2. In addition to contributions received in connection with an election to an elective City office or to defray officeholder expenses, an elected City officer or candidate for elective City office who receives contributions for a legal defense fund, may use those funds solely to defray attorney's fees and other legal costs incurred in the officer's or candidate's legal defense to one or more civil or criminal court cases, or administrative proceedings, arising directly out of the conduct of an election campaign, the electoral process or the performance of the officer's governmental activities and duties.

3. The officeholder or candidate shall file with the City Ethics Commission a "Statement of Purpose" identifying the specific civil or criminal court case, or administrative proceedings, for which the Legal Defense Fund is established. The "Statement of Purpose" shall be filed before any contributions are solicited and/or accepted.
4. The Legal Defense Fund shall be named: "The (name of candidate or officeholder) Legal Defense Fund".
5. No person shall make, or no elected City officer or candidate shall solicit or accept from any person, contributions totaling more than \$1,000 during a fiscal year to a Legal Defense Fund in connection with any single court case or administrative proceeding as identified in the "Statement of Purpose".
6. No legal defense funds remaining after any court case or proceeding in connection with which the funds were raised may be transferred to any other fund or committee. Within six months after final conclusion of the lawsuit or proceeding and the payment of all debts incurred in connection with that lawsuit or proceeding, any surplus legal defense funds may be used in connection with any other lawsuit or administrative proceeding brought against the elected City officer or candidate for the purpose stated in Subdivision 2, or may be returned to donors on a pro rata basis or given to the City's General Fund.
7. This section shall constitute the sole authority for soliciting or accepting donations for legal costs for the defense of an action relating to an election campaign, electoral process or an officer's conduct in office.

**C. Single Controlled Committee and Bank Account**

1. Each elected City officer or candidate who wishes to make expenditures for the purposes set forth above for either the officeholder expense fund or the legal defense fund shall establish a single controlled committee from which all such expenditures shall be disbursed. Each of the funds shall be considered a subaccount of the controlled committee. If a contribution is designated by the contributor as a contribution to the legal defense fund, then the contribution shall be credited to that fund. If a contribution is designated by the contributor as a contribution to the officeholder expense fund, or if the contribution is not designated as a contribution to either fund, then the contribution shall be credited to the officeholder expense fund.

2. The committee shall establish one checking account at an office of a financial institution located in the City of Los Angeles for the officeholder expense fund and legal defense fund. The account shall serve as the depository account for all contributions received in connection with the officeholder expense fund and the legal defense fund, and all such contributions shall be deposited into such account.
- D. **Contribution Limits.** A contribution to the officeholder expense fund or the legal defense fund shall not be subject to any other contribution limitations contained in the City Charter or a City ordinance, except as provided in this section.
- E. **Disclosure.**
1. Elected City officers, candidates and committee treasurers shall be required to maintain such detailed accounts, records, bills and receipts that are necessary to prepare campaign statements and to comply with the Political Reform Act of 1974, as amended, the regulations of the Fair Political Practices Commission, this section, and any regulations of the City Ethics Commission.
  2. Campaign disclosure statements shall be filed for the committee. Those statements shall contain separate summary pages and disclosure schedules for the officeholder expense fund and legal defense fund.
  3. In addition to the campaign statements required by the Political Reform Act of 1974, as amended, and Los Angeles Municipal Code Section 49.7.11, the elective City officer or candidate shall file campaign statements for his or her officeholder expense fund and legal defense fund as follows:
    - (a) During a year when the elective City officer's name does not appear on a ballot for elective City office, the elective officer and the controlled committee for the officeholder expense fund and legal defense fund shall file quarterly campaign statements no later than April 30 for the period ending March 31, no later than July 31 for the period ending June 30, no later than October 31 for the period ending September 30, and no later than January 31 for the period ending December 31.
    - (b) During a year when the elective City officer's name appears on a ballot for elective City office, the elective City officer and the controlled committee for the officeholder expense fund and legal defense fund shall file all campaign statements in accordance with the schedule prescribed by the Political Reform Act of 1974, as amended, and Section 49.7.11 A. of this Code. Upon assuming City office, the elected City officer shall immediately begin filing quarterly statements as required by subdivision 1 of this subsection.

4. Persons required to file disclosure statements for officeholder expense fund committees shall comply with the requirements of Section 49.7.11 D of this Code, except that there shall be no threshold dollar amount as a prerequisite to the filing obligation. In addition to any late filing penalties that may be imposed for a late filing of a paper copy pursuant to the California Political Reform Act or this Article, any person who fails to comply with the online filing requirement of this section will, in addition, be subject to an additional late filing penalty of \$25 per day after the deadline for the late filing of the online report.
- F. **Miscellaneous.** Except as expressly provided, nothing in this section shall be deemed to exempt any person or committee from complying with applicable provisions of any other laws.

**SEC. 49.7.13 Expenditure Ceilings**

*Amended by Ordinance No. 171498, effective 3/8/97.*

*Amended by Ordinance No. 175344, effective 8/16/03.*

- A. No candidate for City Council who files a statement of acceptance of matching funds, nor any controlled committee of such candidate, shall make qualified campaign expenditures above the following amounts: \$330,000 per primary election and \$275,000 per general election.
- B. No candidate for Controller who files a statement of acceptance of matching funds, nor any controlled committee of the candidate, shall make qualified campaign expenditures above the following amounts: \$900,000 for the primary election and \$676,000 for the general election.
- C. No candidate for City Attorney who files a statement of acceptance of matching funds, nor any controlled committee of the candidate, shall make qualified campaign expenditures above the following amounts: \$1,013,000 for the primary election and \$788,000 for the general election.
- D. No candidate for Mayor who files a statement of acceptance of matching funds, nor any controlled committee of the candidate, shall make qualified campaign expenditures above the following amounts: \$2,251,000 for the primary election and \$1,800,000 for the general election.
- E. For purposes of this section, primary election includes a special primary election and general election includes a special runoff election.

F. "Qualified campaign expenditure" means:

- (1) Any expenditure made by a candidate for elective City office, or by a committee controlled by such a candidate, for the purpose of influencing or attempting to influence the actions of the voters for or against the election of any City candidate.
- (2) A non-monetary contribution provided at the request of or with the approval of the candidate, officeholder or committee controlled by the candidate or officeholder.
- (3) "Qualified campaign expenditure" does not include any payment if it is clear from the surrounding circumstances that it was not made in any part for political purposes.

**SEC. 49.7.14 Expenditure Ceilings Lifted**

*Amended by Ordinance No. 168540, effective 3/5/93.*

If a candidate who declines to accept matching funds makes qualified campaign expenditures in excess of the expenditure ceiling, or if an independent expenditure committee or committees in the aggregate spend more than \$50,000 in the case of a City Council race, \$100,000 in the case of an election for City Attorney or Controller, or \$200,000 in the case of an election for Mayor, in support of or in opposition to any such candidate, the applicable expenditure ceiling shall no longer be binding on any candidate running for the same office.

**SEC. 49.7.15 Notification by Non-Participating Candidate Regarding Expenditure Ceiling Amounts.**

*Amended by Ordinance No. 175344, effective 8/16/03.*

A candidate who declines to receive matching funds shall notify the Ethics Commission by telephone and by confirming telegram, fax or e-mail on the day the candidate raises more than 100% of the applicable expenditure ceiling and again on the day the candidate spends more than 100% of the applicable expenditure limit; the Commission shall notify all other candidates for the same office by telephone, fax or e-mail within one business day.

**SEC. 49.7.16 Time Periods for Expenditures**

For purposes of the expenditure ceilings, qualified campaign expenditures made at any time up to the date of a primary election shall be considered expenditures for that election, and qualified campaign expenditures made after the date of the primary election shall be considered expenditures for the general or runoff election. However, in the event that payments are made but the goods or services are not used during the period purchased, the payments shall be considered qualified campaign expenditures for the time period in which the goods or services are used. Payments for goods and services used during both periods shall be prorated.

**SEC. 49.7.17 Compliance Costs**

*Repealed by Ordinance No. 171498, effective 3/8/97.*

**SEC. 49.7.18 Candidate Acceptance or Rejection of Matching Funds**

*Amended by Ordinance No. 175344, effective 8/16/03.*

- A. At the time of filing his or her declaration of intention pursuant to City Election Code Section 321, each candidate shall file a statement of acceptance or rejection of matching funds. Within seven (7) days after the final filing date for such declarations, a candidate who had previously filed a statement of acceptance of matching funds may reject matching funds if another candidate for the same office has rejected matching funds, provided that the candidate returns to the City any matching funds payments received for that election. If a candidate agrees to accept matching funds, the candidate shall comply with the provisions of Section 49.7.13.
- B. Each candidate shall notify the City Ethics Commission by personal delivery, telegram, fax or email on the day the candidate raises, spends or has cash on hand of more than \$50,000 in the case of a candidate for City Council, \$100,000 in the case of a candidate for City Attorney or Controller and \$200,000 in the case of a candidate for Mayor. The notification shall identify whether that amount was raised, spent or is cash on hand. The Commission shall then so notify all other candidates for the same office.
- C. Each matching funds participating candidate shall notify the City Ethics Commission by personal delivery, telegram, fax or e-mail on the day that the amount of the expenditure ceiling established for participating candidates in Section 49.7.13 has been raised, spent by the candidate or once the candidate has cash on hand in that amount. The notification shall be made within 24 hours of the date the amount has been reached.

**SEC. 49.7.19 Qualification Requirements**

*Added by Ordinance No. 171498, effective 3/8/97.*

*Amended by Ordinance No. 175344, effective 8/16/03.*

- A. In order to qualify to receive matching funds in a primary nominating or special primary election, a candidate shall meet all of the following requirements:
1. The candidate and his or her controlled committee must receive contributions (other than contributions from the candidate or his or her immediate family) of at least \$25,000 in the case of a candidate for City Council, \$75,000 in the case of a candidate for City Attorney or Controller, and \$150,000 in the case of candidate for Mayor. For purposes of this section, a candidate may receive a contribution up to the allowable contribution limits, but only the first \$500 in the case of a candidate for City Attorney, Controller, or Mayor, and the first \$250 in the case of a candidate for City Council, shall count toward the qualification threshold. Only contributions received within the time period before the election as specified in Section 49.7.7, or, if a special election, after the declaration of intention to solicit and raise funds is filed, may be counted for the above thresholds.
  2. The candidate is opposed by a candidate running for the same office who has qualified for matching funds or who has raised, spent or has cash on hand of at least \$50,000 in the case of a candidate for City Council, \$100,000 in the case of a candidate for City Attorney or Controller and \$200,000 in the case of a candidate for Mayor.
  3. The candidate contributes no more than \$25,000 for the election in the case of a candidate for City Council and no more than \$100,000 for the election in the case of any other candidate from his or her personal funds to the campaign.
  4. Campaign contributions received after an election shall be eligible for matching funds if the contributions were received during the three month period after the election for the purposes of retiring debt incurred during the election campaign. The balance of any outstanding personal loan that is a contribution under Section 49.7.6 are not "debt" for the purposes of this section.
- B. If the City Council has caused certificates of nomination to be issued by the City Clerk to the two candidates receiving the highest number of votes for any given office at the primary nominating election, the candidates shall be eligible in a general election to (1) receive matching funds in the amount of one-fifth of the amount of funds specified in Section 49.7.22 B, not subject to the requirements of Section 49.7.20 (matching funds formula), and (2) receive total matching funds up to the amount specified in Section 49.7.22, subject to the requirements of Section 49.7.20.

- C. In order to qualify for matching funds, a candidate in a primary election must agree in writing to participate in at least one debate with his or her opponents, and a candidate in a general election must agree in writing to participate in at least two debates with his or her opponents.
- D. For the purposes of Subsections A and B, a loan, pledge or a non-monetary contribution shall not be considered a contribution.
- E. A participant may not receive a matching funds payment unless the participant, or his or her controlled committee, has filed all previously due campaign statements required by the Political Reform Act of 1974, as amended, and Section 49.5.15 of this Code, until all such statements are filed.

**SEC. 49.7.20 Matching Funds Formula**

*Amended by Ordinance No. 175344, effective 8/16/03.*

- A. A candidate who is eligible to receive matching funds shall receive payments for contributions received from an individual (other than a contribution from the candidate or his or her family) on the basis of the following formula:
  - 1. For the primary election: One dollar in matching funds for each dollar in contributions while a candidate is attempting to reach the threshold of Section 49.7.19 within twelve months before the date of the election, or if a special election, twelve months before the date of the election or after the candidate filed a declaration of intention to solicit and raise funds, whichever is later. Contributions which qualify for matching funds include: (i) for candidates for Mayor, City Attorney or Controller, only the first \$500 from an individual; (ii) for candidates for City Council, only the first \$250 from an individual.
  - 2. Upon certification for the general election, each participating candidate shall receive a 1/5th grant of the amount of funds specified in Section 49.7.22 of this Code, not subject to the matching funds requirement detailed in Section 49.7.20 of this Code. The remaining 4/5ths of matching funds available to a candidate shall be provided to the candidate on the basis of the following formula: (i) for candidates for Mayor, City Attorney or Controller, one dollar in matching funds for each dollar in contributions received from an individual, up to the first \$500; or (ii) for candidates for City Council, one dollar in matching funds for each dollar in contributions received from an individual, up to the first \$250, during the periods in which the candidate was allowed to solicit and accept contributions.
- B. For purposes of this section, a loan, pledge, or non-monetary contribution shall not be considered a contribution.

- C. For purposes of this section, a candidate may receive contributions up to the applicable contribution limit, but only the first \$500 of each contribution in the case of a candidate for Mayor, City Attorney or Controller, and the first \$250 in the case of a candidate for City Council, shall be matched.

**SEC. 49.7.21 Candidate Request for Payment**

- A. The City Ethics Commission shall determine the information needed to be submitted to qualify for payment of matching funds. The Commission shall certify each request for payment of matching funds. A candidate may not request less than \$10,000 in payments at any one time; provided, however, that in the 14 days preceding an election, a candidate may request \$1,000 or more in such payments at any one time.
- B. Any candidate who knowingly or willfully makes a request for any payment of matching funds that is false, or who misrepresents the contributions received by him or her or by his or her controlled committee, is guilty of a misdemeanor and, if such is deemed appropriate under the circumstances shall be removed from office. Any candidate who knowingly, willfully or negligently makes a request for any payment of matching funds that is false, or who knowingly, willfully or negligently misrepresents the contributions received by him or her or by his or her controlled committee, shall return all matching funds received as a result of such request.

**SEC. 49.7.22 Maximum Funds Available to Candidate**

*Amended by Ordinance No. 175344, effective 8/16/03.*

- A. **Primary Election.** Except as provided in Subsection C, no candidate shall receive matching funds in excess of the following amounts for a primary election: \$100,000 in the case of a candidate for City Council; \$267,000 in the case of a candidate for Controller; \$300,000 in the case of a candidate for City Attorney; and \$667,000 in the case of a candidate for Mayor.
- B. **General Election.** Except as provided in Subsection D, no candidate shall receive matching funds in excess of the following amounts for a general election: \$125,000 in the case of a candidate for City Council; \$300,000 in the case of a candidate for Controller; \$350,000 in the case of a candidate for City Attorney; and \$800,000 in the case of a candidate for Mayor.

- C. **Primary Election — Accelerated Matching Funds — Personal Funds.** Any candidate who has filed a declaration pursuant to Section 48.7.18 A., and who has qualified to receive matching funds pursuant to Section 49.7.19 in the primary election, shall become eligible to receive, from that point forward, three dollars in public funds for each eligible dollar in contributions received, when any non-participating candidate in the same race contributes an amount of personal funds greater than or equal to 50 percent of the spending limit and spends in excess of the spending limit for participating candidates in that race.
- D. **General Election — Increased Matching Funds.** Any participating candidate who has qualified to receive matching funds in the primary election may qualify to receive total matching funds in the general election up to the following amounts: \$1,000,000 in the case of a candidate for Mayor; \$420,000 in the case of a candidate for City Attorney; \$360,000 in the case of a candidate for City Controller; \$150,000 in the case of a candidate for City Council when any of the following occur:
1. Any non-participating candidate in the same race contributes an amount of personal funds greater than or equal to 50 percent of the spending limit and exceeds the spending limit in that race;
  2. Non-candidate spending is made to support any other candidate in the same race in the following aggregate amounts: \$200,000 in the case of a candidate for Mayor; \$100,000 in the case of a candidate for City Attorney or Controller; \$50,000 in the case of a candidate for City Council; or
  3. Non-candidate spending is made in opposition to his or her election in the following aggregate amounts: \$200,000 in the case of a candidate for Mayor; \$100,000 in the case of a candidate for City Attorney or Controller; \$50,000 in the case of a candidate for City Council.
- E. When a participating candidate becomes eligible to receive additional matching funds as provided in Subsection D, that candidate may receive matching funds from that point forward at the rate of three dollars in public funds for each eligible dollar in contributions received, up to the maximum amount allowed in Subsection D. Only the part of the claim that does not exceed the maximum amount shall be paid.

**SEC. 49.7.23            Payments to Candidates**

*Amended by Ordinance No. 175344, effective 8/16/03.*

The Controller shall make matching funds payments in the amount certified by the City Ethics Commission. Payments shall be made no later than four working days after receipt by the Commission. If the Commission determines the money available for matching fund purposes is not, or may not be, sufficient to satisfy the full entitlement of the eligible candidates, the Commission shall notify the Controller to withhold sufficient amounts, as determined by the Commission, as may be necessary to assure that each eligible candidate will receive a pro rata share of their entitlement. The amounts withheld shall be paid when the Commission determines that there is sufficient money to pay the amounts or portions of the amounts.

**SEC. 49.7.24            Contribution Limitations to Independent Expenditure Committees**

*Amended by Ordinance No. 172942, effective 1/21/00.*

Any person or committee who makes independent expenditures supporting or opposing a candidate shall not accept any contribution in excess of the amounts set forth in Charter Section 470(c)(5).

**SEC. 49.7.25            Reproduction of Materials**

Any person who reproduces, broadcasts or distributes any material which is drafted, printed, prepared or previously broadcast by a candidate or a committee controlled by such a candidate shall report such an expenditure as a non-monetary contribution to such candidate or committee.

**SEC. 49.7.26            Notice of Payments for Independent Expenditures and Non-Behested Member Communications**

*Amended by Ordinance No. 175344, effective 8/16/03.*

*Amended by Ordinance No. 178064, effective 1/15/07.*

- A. **Disclosure of Payments.** Any person, including any committee, that makes or incurs independent expenditures of \$1,000 or more in support of or in opposition to any City measure or candidate for elective City office, or one or more payments for member communications, as defined by this article, totaling \$1,000 or more in support of or in opposition to a candidate for elective City office or City measure, shall notify the City Ethics Commission within 24 hours by certified mail or fax or e-mail each time one or more payments, which meet this threshold, are made.

- B. Contents of Notice.** The notification shall consist of a declaration specifying each candidate or measure supported or opposed by the expenditure, the amount spent to support or oppose each candidate or measure, whether the candidate or measure was supported or opposed, and that the expenditure was not behested by the candidate or candidates who benefited from the expenditure. This declaration shall be made under penalty of perjury and signed by the person or officer and the treasurer of the group making the expenditure. In addition, the date and amount of the payment, a description of the type of communication for which the payment was made or incurred, the name and address of the person making the payment, the name and address of the payee, and a copy of the mailing or advertisement, or a copy of the script or recording of the call, transmission, or advertisement, shall also be provided to the Commission. The notification also shall include disclosure of contributions of \$100 or more received by the committee since the day after the closing date of the committee's last campaign disclosure report filed with the Commission or since the first day of the current calendar year, whichever date occurs later; however, contributions that are received, but earmarked for any other candidate or ballot measure outside the City of Los Angeles need not be disclosed. The notification also shall include disclosure of contributions of \$100 or more made in the current calendar year by the person to City candidates, their controlled committees, committees primarily formed to support or oppose City measures, and City general purpose recipient committees.
- C. Notification to Candidates of Expenditures.** City Ethics Commission staff will notify all candidates by phone, fax or e-mail in the affected race within one business day after receiving the notice of payments for independent expenditures and uncoordinated member communications of \$1,000 or more. The notification will indicate the candidate who was supported or opposed by the expenditure as indicated on the signed declaration and include a copy of the communication provided by the person or group making the expenditure.
- D. Exemption for Regularly Published Newsletters.** For purposes of the notification required in Subsection A, payments by an organization for its regularly published newsletter or periodical, if the circulation is limited to the organization's members, employees, shareholders, other affiliated individuals and those who request or purchase the publication, shall not be required to be reported.
- E. Copies of Communications — Delivery to the City Ethics Commission and Disclosure of Communications.** Any committee, including but not limited to a candidate controlled committee and an independent expenditure committee, that makes or incurs payments for 1,000 or more recorded telephone calls or any other forms of electronic or facsimile transmission of substantially similar content, or that makes or incurs expenditures of \$1,000 or more for a radio or television advertisement, in support of or opposition to any candidate(s) for elective City office, shall send a copy of the script or recording used for each communication to the Ethics Commission within 24 hours of the first time the calls, transmissions, or advertisements are made or aired.

**SEC. 49.7.26.1      Behested Expenditures**

*Added by Ordinance No. 175344, effective 8/16/03.*

**A.      Behested expenditures defined; effect of behested expenditures.**

1.      An expenditure behested by a candidate or candidate's controlled committee is not an independent expenditure and shall be treated as a contribution to the candidate or committee that behests the expenditure.
2.      A payment is behested if it is made:
  - (a)     at the request or suggestion of the candidate, committee, or the candidate or committee's agent;
  - (b)     in concert with, with the cooperation of, or in consultation with, the candidate, committee, or the candidate or committee's agent; or
  - (c)     made under any arrangement, coordination, or direction between the candidate, committee, or the candidate or committee's agent.
3.      An expenditure is behested without limitation under the following circumstances:
  - (a)     active involvement or participation by a candidate in the creation or design of a communication financed by the spender, including consultation between the spender and the candidate about content;
  - (b)     solicitation by the spender and/or provision by the candidate of materials specifically for use in the communication or procuring candidate's consent to include specific materials in the communication; or
  - (c)     arranging with the candidate for preparation of any materials used in the communication.

**B.      Presumption.** There is a rebuttable presumption that an expenditure is behested, and therefore not independent, if:

1.      it is made by or through any agent of the affected candidate or member of the candidate's controlled committee in the course of his/her involvement in the current campaign;

2. in the election cycle during which the expenditure is made, both the spender or the spender's agent and the candidate on whose behalf the expenditure is made retain the same individual or entity to provide non-ministerial, campaign related professional services (non-ministerial, campaign related professional services include, but are not limited to: polling or other campaign research, media consulting or production, direct mail consultation, and fundraising);
3. the expenditure finances a communication that replicates, reproduces, republishes, distributes, or disseminates, in whole or substantial part, a broadcast, written, graphic, or other form of campaign material designed, produced, paid for, or distributed by the affected candidate, his or her committee, or agent;
4. the expenditure is based on information
  - (i) about a candidate's campaign plans, projects, or needs not generally available to the public; or
  - (ii) provided directly or indirectly by that candidate, committee, or their agents to the spender or spender's agent, with an express or tacit understanding that the expenditure was being considered;
5. the spender or spender's agent discusses or negotiates the content, timing, location, mode, intended audience, volume of distribution, or frequency of placement of a communication financed by the spender with the candidate whose election or nomination is advocated by the spender or whose opponent's defeat is advocated by the spender;
6. in the election cycle during which the expenditure is made, the spender or spender's agent is serving or has served in a formal executive, policy-making, or advisory position with the candidate's campaign or has participated in strategic or policy-making discussions with the candidate's campaign relating to that candidate's pursuit of nomination or election to office, and the candidate is pursuing the same office as a candidate whose nomination or election the expenditure is intended to influence;
7. the expenditure is made after a request to the spender or spender's agent by the candidate, the candidate's controlled committee, or their agents for an expenditure on the candidate's behalf; or
8. the expenditure is made in connection with or as a consequence of fundraising events or campaign activities co-sponsored by the candidate and the spender or the spender's agent.

- C. **Exceptions.** An expenditure will not be deemed behested merely when:
1. a spender or spender's agent interviews a candidate on legislative or policy positions or issues affecting the spender or discusses campaign-related issues with the candidate, such as platforms, polling information, which organizations support the candidate and which support his/her opponent, or the identity of the consultants the candidate plans to hire, provided that prior to making a subsequent expenditure based on that information, the spender or his agent has not communicated with the candidate, candidate's controlled committee, or their agents concerning the expenditure;
  2. the spender solicits and/or obtains a photograph, biography, position paper, press release, or similar material from the candidate, candidate's controlled committee, or their agents and, without the prior knowledge, control, or involvement of the candidate, candidate's controlled committee, or their agents, subsequently utilizes or incorporates that information to create a communication in support of the candidate or in opposition to his or her opponent;
  3. the spender made prior contributions to the candidate;
  4. the spender communicates to the candidate, the candidate's controlled committee, or the agent of either, the intent to make an independent expenditure without discussing any of the items mentioned in Subparagraph B 5 of this section;
  5. a member of an organization that makes an expenditure renders volunteer personal services to or works for the affected candidate's campaign, unless the volunteer or campaign worker was also involved in the activities of the spender-organization's political action committee or makes payments on behalf of the spender-organization, or is serving or has served the affected candidates' campaign in one of the capacities described in Subparagraph B.6 of this section;
  6. the expenditure was made in response to an unsolicited request from political party leaders or their agents that the committee "support" the candidate or make an expenditure relating to the candidate;
  7. the expenditure finances the cost of preparing or disseminating candidate evaluations to voters or conducting a political survey; or
  8. the spender employs or is under contract with a political consultant or pollster who rendered services to a candidate in prior years.

**SEC. 49.7.26.2 Limitations on Certain Expenditures by Corporate or Union Treasuries**

*Added by Ordinance No. 175344, effective 8/16/03.*

- A. No labor organization or for-profit business corporation may make a payment to expressly advocate the election or defeat of one or more clearly identified candidates for elective City office from the treasury of that organization or corporation.
- B. This section does not prohibit a labor organization or for-profit business corporation from establishing a separate, segregated fund to be used for political purposes, or from making payments to that fund for the administration of the fund. A labor organization or for-profit corporation which has established such a fund may solicit contributions to that fund from its individual stockholders, officers, directors, employees, or members, and their spouses; and it may use money in the fund to make contributions or independent expenditures in connection with elections, including the election of Mayor, City Attorney, Controller, and Member of the City Council.
- C. This section does not prohibit the publication or broadcasting of news items or editorial comments by any news or broadcast media.
- D. For purposes of the prohibition of this section, payments from the treasury of a union for communications to its members and employees or a for-profit corporation for communications to its shareholders and employees that are not behested by a candidate shall not be prohibited.

**SEC. 49.7.26.3 Disclaimers on Campaign Communications**

*Amended by Ordinance No. 175344, effective 8/16/03.*

*Amended by Ordinance No. 178064, effective 01/15/07.*

- A. Any candidate or committee that pays for a campaign communication shall print, display or incorporate the following words anywhere within the communication: "Paid for by" immediately followed by the name, address and city of that candidate or committee. If the sender of a mass mailing is a controlled committee, the name of the person controlling the committee shall also be included. If an acronym is used to specify a committee name, the full name of any sponsoring organization of the committee shall be included in the campaign communication disclaimer required by this section.
- B. **Additional Requirements For Campaign Communications Funded By Independent Expenditures.**

1. Campaign communications funded by an independent expenditure supporting or opposing City candidates shall include the phrase “Not authorized by a City candidate,” and shall also include the name of any contributor of \$25,000 or more to a committee funding the independent expenditure in the six months prior to the date of that payment in the phrase “Major Funding Provided By [Name of Contributor(s)].” Payments of \$25,000 or more that are earmarked for any other candidate or ballot measure outside of the City of Los Angeles need not be disclosed.
  2. Campaign communications funded by an independent expenditure supporting or opposing City measures shall include the name of any contributor of \$25,000 or more to a committee funding the independent expenditure in the six months prior to the date of that payment in the phrase “Major Funding Provided by [Name of Contributor(s)].” Payments of \$25,000 or more that are earmarked for any other candidate or ballot measure outside of the City of Los Angeles need not be disclosed.
- C. The disclosures required by this section shall be presented in a clear and conspicuous manner to give the reader, observer or listener adequate notice, as specified below:
1. For printed campaign communications that measure no more than twenty-four inches by thirty-six inches, all disclosure statements required by this section shall be printed using a typeface that is easily legible to an average reader or viewer, but is not less than 12-point type in contrasting color to the background on which it appears. For oversize printed campaign communications, all disclosure statements shall constitute at least five percent of the height of the material and printed in contrasting color.
  2. For video broadcasts including television, satellite and cable campaign communications, the information shall be both written and spoken either at the beginning or at the end of the communication, except that if the disclosure statement is written for at least five seconds of a broadcast of thirty seconds or less or ten seconds of a sixty second broadcast, a spoken disclosure statement is not required. The written disclosure statement shall be of sufficient size to be readily legible to an average viewer and air for not less than four seconds.
  3. For audio, telephone call or radio advertisement campaign communications, the disclosures shall be spoken in a clearly audible manner at the same speed and volume as the rest of the telephone call or radio advertisement at the beginning or end of the communication and shall last at least three seconds. The requirement of Subsection A shall be satisfied by using the words “on behalf of” immediately followed by the name of the candidate or committee that pays for the communications.

- D. For purposes of this section, “campaign communication” means any of the following items:
1. More than 200 substantially similar pieces of campaign literature distributed within a calendar month, including but not limited to mailers, flyers, facsimiles, pamphlets, door hangers, e-mails, campaign buttons 10 inches in diameter or larger, and bumper stickers 60 square inches or larger;
  2. Posters, yard or street signs, billboards, supergraphic signs and similar items;
  3. Television, cable, satellite and radio broadcasts;
  4. Newspaper, magazine, internet website banners and similar advertisements;
  5. 200 or more substantially similar live or recorded telephone calls made within a calendar month.
- E. For purposes of this section, “campaign communication” does not include: small promotional items such as pens, pencils, clothing, mugs, potholders, skywriting or other items on which the statement required by this section can not be reasonably printed or displayed in an easily legible typeface; communications paid for by a newspaper, radio station, television station or other recognized news medium; and communications from an organization to its members other than a communication from a political party to its members.
- F. Campaign communications must be amended when a new person qualifies as a disclosable contributor or when the committee's name changes. Broadcast advertisement disclosures must be amended within five calendar days after a new person qualifies as a disclosable contributor or a committee's name changes. A committee shall be deemed to have complied with this section if the amended advertisement is mailed, containing a request that the advertisement immediately be replaced, to all affected broadcast stations by overnight mail no later than the fifth day. For printed campaign communications and other material, disclosure information must be amended to reflect accurate disclosure information every time an order to reproduce the communication is placed.

**SEC. 49.7.26.4 Determination of Eligibility for Additional Candidate Benefits Based on Declarations of Payments for Independent Expenditure and Uncoordinated Member Communications**

*Added by Ordinance No. 175344, effective 8/16/03.*

Candidate eligibility for additional matching funds provided in Subsections 49.7.22 D.2, D.3, and E. and Section 49.7.14 shall be based solely on reports of payments for independent expenditures or member communications submitted under penalty of perjury to the City Ethics Commission pursuant to Section 49.7.26 of this Code.

**SEC. 49.7.27            Certain Provisions of Charter Section 470 Maintained**

*Amended by Ordinance No. 172942, effective 1/21/00.*

The provisions of Charter Section 470 (Limitations on Campaign Contributions in City Elections) are not superseded by this article.

**SEC. 49.7.28            Enforcement**

**A.        Criminal Enforcement.**

1.        Any person who knowingly or willfully violates any provision of this Article is guilty of a misdemeanor. Any person who knowingly or willfully causes any other person to violate any provision of this Article, or who aids and abets any other person in the violation of any provision of this Article, shall be liable under the provisions of this section.
2.        Prosecution of violation of any provision of the Article shall be commenced within four years after the date of the violation.
3.        No person convicted of a misdemeanor under this Article shall act as a lobbyist or as a City contractor for a period of four years following the date of the conviction unless the court at the time of sentencing specifically determines that this provision shall not be applicable.
4.        For the purposes of this section, a plea of nolo contendere shall be deemed a conviction.

**B.        Civil Actions.**

1.        Any person who intentionally or negligently violates any provision of this Article shall be liable in a civil action brought by the City Attorney, the City Ethics Commission or by any person residing within the City for an amount not more \$5,000 per violation, or for more than three times the amount the person failed to report properly or unlawfully contributed, expended, gave or received.
2.        If two or more persons are responsible for any violation, they shall be jointly and severally liable.

3. Any person, other than the City Attorney, before filing a civil action pursuant to this subsection, shall first file with the City Ethics Commission a written request for the Commission to commence the action. The request shall contain a statement of the grounds for believing a cause of action exists. The Commission shall respond within 40 days after receipt of the request indicating whether it intends to file a civil action. If the Commission indicates in the affirmative and files an action within forty days thereafter, no other action may be brought unless the action brought by the Commission is dismissed without prejudice.
  4. In determining the amount of liability, the court may take into account the seriousness of the violation and the degree of culpability of the defendant. If a judgment is entered against the defendant or defendants in an action, a private plaintiff shall receive fifty percent (50%) of the amount recovered. The remaining fifty percent shall be deposited into the City's General Fund. In an action brought by the City Attorney or the Commission, the entire amount shall be paid to the General Fund.
  5. No action alleging a violation of this Article may be filed more than four years after the date the violation occurred.
- C. **Injunctive Relief.** Any person residing within the City of Los Angeles including the City Attorney, may sue for injunctive relief to enjoin violations or to compel compliance with the provisions of this article.
- D. **Costs of Litigation.** The court may award to a party, other than an agency, who prevails in any civil action authorized by this Article, his or her costs of litigation, including reasonable attorneys' fees. If the costs or fees are awarded against the City, the payment of such award shall be the responsibility of the City, subject to Council approval.
- E. No civil action alleging a violation of this Article shall be filed more than four years after the date of the violation.

#### **SEC. 49.7.29      Late Filing Penalties**

If any person files an original statement or report after any deadline imposed by this article, he or she shall, in addition to any other penalties or remedies established by this Article, be liable to the City Ethics Commission in the amount of twenty five dollars (\$25) per day after the deadline until the statement or report is filed. Liability need not be enforced by the Commission if on an impartial basis it determines that the late filing was not willful and that enforcement of the liability will not further the purposes of the Article, except that no liability shall be waived if a statement or report is not filed within 30 days.

**SEC. 49.7.30 Severability**

*Amended by Ordinance No. 175344, effective 8/16/03.*

If any provision of this ordinance, or its application to any person or circumstances, is held invalid by any court, the remainder of this article or the application of the provision to persons or circumstances other than those as to which it is held invalid, shall not be affected by that determination, to the extent that the provision or its application can be given effect, and to this extent the provisions of this ordinance are declared to be severable.

**SEC. 49.7.31 Operative Date**

*Amended by Ordinance No. 175344, effective 8/16/03.*

The provisions of this ordinance shall be operative only for the regularly established elections of the City of Los Angeles starting with the elections to be held during 2005, and for any special elections to elect elective City officers held after May 20, 2003. The provisions of this ordinance shall not be operative for the regularly scheduled elections of the City of Los Angeles to be held during 2003, or for any special election to elect elective City officers held on or before May 20, 2003.