

CHAPTER 3 – CONTRIBUTIONS

A. ABOUT CONTRIBUTIONS

A contribution is a monetary or non-monetary payment made to a candidate or campaign committee for which no goods, services, or other consideration is provided to the donor in return.

1. MONETARY CONTRIBUTIONS

Typical examples of monetary contributions include:

- Your personal funds.
- Money from your supporters (checks, cash, credit card transactions, etc.).
- Proceeds from the sale of tickets to fundraising events.
- Loans made to your committee.

2. NON-MONETARY (IN-KIND) CONTRIBUTIONS

Typical examples of non-monetary contributions, also referred to as in-kind contributions, include:

- Food, beverages, flowers, and decorations donated by a supporter.
- Printing or mailing costs of a campaign mailer donated by the printer.
- Professional services not paid for by your campaign.
- Discounts or rebates that are not extended to the general public.
- Anything of value given to your committee without full consideration provided in return.
- A third party's reproduction, broadcast, or distribution of any material you or your committee has used for campaign purposes. LAMC § 49.7.18.
- Independent expenditures and member communications made in cooperation with (at the behest of) you or your committee.

3. CONTRIBUTIONS DO NOT INCLUDE

- Volunteer personal services, unless an employer pays an employee to spend more than 10% of the employee's compensated time in a month rendering services for political purposes. 2 CCR § 18423.
- A fundraising event that is held in the host's home or office and costs, in total, \$500 or less. Cal. Gov't Code § 82015(c)(2).

B. PAYMENT METHODS FOR RECEIVING CONTRIBUTIONS

1. CASH

You may not receive cash contributions of more than \$30 per contributor.

2. WRITTEN INSTRUMENT

A monetary contribution of \$99 or less may be made by a written instrument. A monetary contribution of \$100 or more must be made by a written instrument that contains the name of the contributor and the name of the payee, and it must be drawn from the account of the contributor or an intermediary. Contributions of \$100 or more made by money order, traveler's check, or cashier's check cannot be accepted, even if the name of the donor and payee are included. Cal. Gov't Code § 84300(c).

3. CREDIT CARD AND OTHER ELECTRONIC METHODS

If you accept credit card or other electronic contributions, you must determine whether each contribution is from a personal or a business credit card account (so that you can determine whether it is a contribution from an individual or a non-individual).

4. TEXT MESSAGE

A contribution may be made via short message service (SMS), multimedia messaging service (MMS), or other similar text messaging technology, but it may not exceed \$30 per person, per election. LAMC § 49.7.6(B)(2). Text contributions are treated as a pledge and are not considered "received" until the candidate or committee obtains control of the contributed funds.

C. PROHIBITED CONTRIBUTIONS

1. LOBBYISTS AND LOBBYING FIRMS

You are prohibited from receiving a contribution from a lobbyist or lobbying firm that is required to register to lobby either the office you are seeking or your current City agency. Charter § 470(c)(11). The Ethics Commission maintains a database of registered lobbying entities on its website.

2. BIDDERS AND CONTRACTORS

Persons who respond to certain City contract solicitations (bidders), certain city contractors, and certain persons associated with them are prohibited from making campaign contributions to or engaging in prohibited fundraising for certain elected City officials, candidates for elective City office, and City committees controlled by elected City officials or candidates. The prohibition applies as described in the table on the following page.

If a contract* is worth \$100,000+ and requires the following:	Then the prohibition applies to contributions to and fundraising for:
Approval by the City Council	<ul style="list-style-type: none"> • All elected City officials • All City candidates • All City committees controlled by City officials and candidates
Approval by an elected official other than the City Council <i>(including contracts for professional services [Executive Directive 3])</i>	<ul style="list-style-type: none"> • That elected City official • All candidates for that elected City office • All City committees controlled by that elected City official and those candidates
No approval by the City Council and entered into by one of these departments: <ul style="list-style-type: none"> • Harbor Department • Department of Water & Power • Los Angeles World Airports 	<ul style="list-style-type: none"> • The City Attorney • The Controller • All candidates for City Attorney or Controller • All City committees controlled by the City Attorney, the Controller, and candidates for those offices

* Any type of contract, including those for goods or services, leases, concessions, franchises, etc.

The prohibitions apply to a bidder, the bidder's principals, subcontractors on subcontracts valued at \$100,000 or more, and the principals of those subcontractors. Charter § 470(c)(12)(F); LAMC § 49.7.35.

The prohibitions begin to apply on the date a bid is submitted. For successful bidders (who become contractors), the prohibitions continue for 12 months after the contract is signed. For unsuccessful bidders, the prohibitions end on the earlier of the date the contract is signed or the date the bid is withdrawn or canceled.

3. FOREIGN NATIONALS

You are prohibited from receiving a contribution from a foreign national. A foreign national is a person who is not a citizen of the United States and does not have legal permanent residency status, including a foreign government, corporation, or organization. Additionally, domestic subsidiaries of foreign and U.S. corporations owned by foreign nationals may also be prohibited from making contributions under certain circumstances. 52 USC § 30121; 11 CFR § 110.20(g). Immigrants may make contributions if they have a green card indicating that they have been lawfully admitted for permanent residence in the United States. If you need more information, please contact the Federal Election Commission ("FEC") or see Appendix 8 for the FEC's brochure about contributions by foreign nationals.

D. CONTRIBUTION LIMITS

There are limits to the amount you can receive in contributions. Before you begin to solicit or receive contributions, you, your treasurer, and your fundraising staff should understand these limits.

1. PER-PERSON LIMITS

You may not accept more than a certain amount in contributions from a single person in a single election. For the 2019 elections, the per-person contribution limit is \$800.

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. Cal. Gov't Code § 82047. In some circumstances, two or more persons must be aggregated and treated as one person for purposes of the contribution limit. Please see Section 3.E for more information about aggregation.

The primary election and the general election are considered two separate elections. Therefore, one contributor may give you up to the maximum for the June primary and again for the August general election.

Example: You begin fundraising for the Council District 12 seat two months before the primary election. The first month, a contributor gives your primary election committee \$800. That contributor may not contribute any more money, goods, or services in connection with your June primary election campaign. If you have a fundraiser after the primary election to retire debt from that election, the limits still apply. However, if you move on to the general election in August, that contributor can give up to the \$800 limit again to your general election committee.

Credit (other than a loan) extended for a period of more than 90 days is subject to the contribution limit, unless the creditor demonstrates a commercially reasonable attempt to collect a debt. LAMC § 49.7.9(D).

It is illegal to accept contributions in excess of the contribution limit. Charter §§ 470(c)(3)-(4). Therefore, you should carefully track the cumulative amount of contributions you receive from every person. In limited circumstances and during limited time frames, you may return or refund certain excess contributions to avoid penalties. The Ethics Commission's [Excess Contribution Policy](#) is provided in Appendix 4.

2. NON-INDIVIDUAL CONTRIBUTIONS

You are prohibited from receiving more than a certain amount from all non-individual contributors in an election. Non-individuals are entities, such as businesses, corporations, labor unions, and political action committees. Charter § 470(c)(7). For the 2019 City elections, the cumulative non-individual limit is \$226,500.

This limit will be lifted if a candidate who does not participate in the matching funds program raises or spends more than the expenditure limit of \$537,000 in the primary election or \$448,000 in the general election. See Section 4.C; Charter § 470(c)(7)(D).

Contributions from non-individuals may be aggregated with contributions from individuals who direct and control the contribution activity of the non-individual. Please see Section E below for more information.

3. ANONYMOUS CONTRIBUTIONS

You may not receive more than \$200 total in cash from all anonymous sources for an election. Charter §§ 470(d)-(e). Once your committee receives a total of \$200 in

anonymous contributions, you must turn over all additional anonymous contributions to the City Treasurer for deposit into the City's general fund.

4. GIFTS

Once you file your California Form 501, you are prohibited from accepting gifts from a single source in a calendar year with a total value of more than \$500. Cal. Gov't Code § 89503.

In addition, you must disclose all gifts you receive from one source that are cumulatively valued at \$50 or more in the 12 months prior to the date you file your Form 700 during candidate filing week (see Section 1.E.2). For information about what constitutes a gift, exceptions to the gift law, or how this law applies to you, please contact the FPPC.

5. LOANS

a. General Information.

A loan is a contribution to your campaign, and the contribution limit applies. The two exceptions are if you lend your personal money to your campaign or you take out a loan on the same terms available to the public in the regular course of business from a commercial lending institution. LAMC § 49.7.9(C). You may not accept a loan for more than 30 calendar days, except when a commercial lending institution makes the loan in the normal course of business. Charter § 470(c)(8).

b. Documentation.

Every loan must be made in writing. A copy of the written loan agreement must be emailed to the Ethics Commission by the filing deadline for the campaign statement on which the loan is first reported. LAMC § 49.7.9(B). You must also maintain in your files the name, address, occupation, and employer of the lender and any guarantor or any person liable for the loan, along with the interest rate and due date.

c. Personal Loans.

The amount and duration of a loan you make to your own committee is not limited, unless you agree to participate in the matching funds program. These loans require the same documentation described in b. above. Charter § 470(c)(8); LAMC § 49.7.23(C)(5). Please see Chapter 4 for more information on matching funds.

After an election, you may not repay yourself more than \$34,800. If you lend your campaign more than that, the amount in excess of \$34,800 is a contribution to your committee that may not be repaid. LAMC § 49.7.9(E).

If you are a matching funds participant and exceed the spending limit before it is lifted, the balance of your personal loans may not be repaid, regardless of amount. LAMC §§ 49.7.9(F), 49.7.23(C)(5).

E. AGGREGATION

In certain circumstances, contributions from two or more persons will be aggregated and considered to be from a single person. This means that the total amount given by those persons is subject to the per-person contribution limit.

1. GENERAL INFORMATION

Aggregation is required when one contributor owns another contributor or controls another contributor's contribution activity. LAMC § 49.7.4. If one aggregated person is prohibited from making a contribution in a City election, then all aggregated persons are also prohibited.

Example 1: A sole proprietor of a minor league baseball team contributes \$500 from her personal checking account to a City Council candidate. She may not make a separate contribution from the ball club's checking account of more than \$300.

Example 2: An individual who contributes \$800 from his own checking account may not make a contribution of any amount from the checking account of another individual for whom he holds financial power of attorney.

Example 3: If a business entity makes a contribution of \$500 to a City Council candidate, an individual who holds a 50-percent investment interest in the business may not make a personal contribution of more than \$300.

Example 4: A partnership may not make a contribution of any amount if one of the individuals responsible for making decisions about the partnership's expenditures is a City lobbyist registered to lobby the office the candidate seeks or holds and holds an ownership interest in the partnership of at least 20 percent.

Example 5: The CEO of a corporation directs the corporation to make an \$800 contribution to a City Council candidate. He may not make a separate contribution in any amount from his personal checking account.

Example 6: Alan and Bob own 80 percent of Company A and 60 percent of company B. If Company A makes an \$800 contribution to a City Council candidate, Company B may not make a separate contribution in any amount to the same City Council candidate.

2. SPOUSES AND CHILDREN

Contributions by spouses are treated as separate contributions—each individual may make contributions up to the per-person contribution limit. Contributions from children under the age of 18 are presumed to be contributed by their parents and are attributed either half to each parent or entirely to a single custodial parent. LAMC § 49.7.5(B).

3. JOINT CHECKING ACCOUNTS

State law specifies standard ways in which contributions from joint checking accounts must be attributed. 2 CCR § 18533.

- If a contribution check has the name of more than one individual imprinted on it, the contribution must be attributed to the individual whose name appears on the check and who also signs it.
- If each individual whose name is imprinted on a check signs it, the contribution must be attributed equally to each person.

Standard attributions may be altered if each affected person (e.g., each individual whose name is imprinted on a check) signs a document indicating that different amounts should be attributed to them. That document must accompany the check.

4. AVOIDING EXCESS CONTRIBUTIONS

Taking the following steps before depositing a contribution will help you prevent the receipt of excess contributions:

- Check for similar names of individuals and businesses.
- Check for similar addresses of contributors.
 - For example, contributions from "John Doe" and a partnership called "Doe Painting Company" may share an address.
- Compare the occupation and employer information of each contributor.
 - Contributions from an individual must be aggregated with those of an entity when the individual has certain ownership interests in the entity. Some occupations may indicate an ownership interest (e.g., owner/proprietor, businessman, chief executive officer, president, investor, partner, general partner).

The Ethics Commission's CEFS allows authorized users to check for aggregation using the methods described above.

If you have contributions that appear to require aggregation, you must obtain reliable third-party documentation to show that aggregation is not required. An [Aggregate Contribution Verification Form](#) is available on the Ethics Commission's website for this purpose. Documentation may also include a business entity's publication materials that identify the individuals who control the entity, a written statement from a person who is authorized to speak on behalf of a business entity, and similar types of documents.

5. CURING EXCESS CONTRIBUTIONS

In certain circumstances and certain time frames, you may return an excess contribution to avoid enforcement penalties. See the [Excess Contribution Policy](#) in Appendix 4 for more information.

F. LIMITATIONS ON FUNDRAISING

1. CITY OFFICIALS AND EMPLOYEES

No one may solicit contributions from a City official or employee to support or oppose a City candidate. LAMC § 49.7.11(B)(1).

2. CITY PROPERTY

No one may solicit, receive, or deliver a contribution in a room or building that is owned by (or paid for and used by) the City, unless the space is available to the public for organized campaign activities. This does not prohibit a candidate from receiving a contribution by mail if it is forwarded to the campaign within seven business days of receipt. LAMC § 49.7.11(B)(2).

3. MEMBERS OF CITY BOARDS AND COMMISSIONS

Members of City boards and commissions who are required to file statements of economic interests and the heads of City departments are prohibited from doing the following:

- a. Soliciting, directing, or receiving a contribution from a person who has had a matter pending before them in the past 12 months. LAMC § 49.7.11(C)(1).
- b. Engaging in prohibited fundraising activity on behalf of a City candidate or a committee controlled by the candidate. LAMC § 49.7.11(C)(2).

4. LOBBYING ENTITIES

If a lobbying entity engages in fundraising on your behalf, you must maintain for four years records that detail any contributions that result from that fundraising. LAMC § 48.05(A). Examples of these records include the following:

- Written solicitations for contributions or invitations to fundraisers distributed by the lobbying entity.
- Telephone and email logs detailing the lobbying entity's contacts with potential contributors.
- Contributor call and email lists.
- The amount of contributions raised as a result of the lobbying entity's fundraising activities.

You must make the records available to the lobbying entity upon request. LAMC § 48.05(C).

G. CONTRIBUTOR INFORMATION

You may not deposit a contribution into your campaign checking account until you have the following information on file. LAMC § 49.7.16(A). You must return every contribution of \$100 or more within 60 days if you do not have all of the required information. Cal. Gov't Code § 85700.

1. CONTRIBUTOR NAME

This must be the contributor's legal name. A contribution made in the name of someone other than the true source of the contribution is an "assumed name" contribution. Charter § 470(k). This is commonly referred to as political money laundering, and it is illegal.

Example 1: Bob asks his employee Joe to make a contribution, and reimburses Joe for it. Bob is the true source of the contribution, but neither of them discloses that fact. They have engaged in political money laundering.

Example 2: Susan makes a contribution and says it can be divided among all three of the adults who share her address. However, the other adults are unaware that she has done this, and they have not provided any funding for the contribution. Susan has laundered the portions of the contribution that are attributed to the other adults.

If you discover that your committee received an assumed-name contribution, you must promptly pay the amount received to the City Treasurer for deposit in the City's general

fund. Persons who launder contributions, knowingly receive laundered contributions, or aid and abet someone engaging in political money laundering are subject to criminal prosecution, civil suits, and administrative penalties. Charter § 470(o).

2. CONTRIBUTOR ADDRESS

This must include the street address, city, state, and zip code. A post office or business service center box may not be used.

3. CONTRIBUTOR OCCUPATION AND EMPLOYER

If the contributor is self-employed, you must record the name of that individual's business. It is not sufficient to report the contributor as "self-employed." For example, if contributor John Smith is a doctor and operates his own practice, his contributor information would be as follows:

John Smith	Amount:	\$350 on 8/18/19
#9 Main Street		\$450 on 9/7/19
Los Angeles CA 90000	Occupation:	Doctor
	Employer	John Smith Medical Office

"Occupation" includes being retired, a homemaker, or retired. Occupation and employer are not required if the contributor is a non-individual.

4. AMOUNT OF CONTRIBUTION

For non-monetary contributions, you must disclose the fair market value. The fair market value is the amount you or your committee would pay on the open market for the good or service. First try to obtain this information in writing from the contributor, and, if possible, obtain copies of invoices or receipts. If that is not possible, you can contact vendors who provide the same or similar goods or services for an estimate of the fair market value. You should maintain a written record that describes the method you used to assess the fair market value.

5. DATE OF CONTRIBUTION

The date of a contribution is the date that you, your treasurer, or an agent for your committee obtains possession or control of the contribution. It is not the date the contribution is deposited or the date of a check. 2 CCR § 18421.1.

6. CONTRIBUTOR CERTIFICATION

All of your contributors must certify the following information under penalty of perjury:

- The contribution is not being made under a false name;
- The contribution is not being made under someone else's name;
- The contribution does not cause the contributor to cumulatively or in the aggregate exceed the applicable contribution limit;
- The contribution has not been and will not be reimbursed;

- The contribution is not from a lobbyist or lobbying firm that is prohibited from making it;
- The contribution is not from a bidder, subcontractor, principal, or underwriting firm that is prohibited from making it;
- Whether the contribution is being made with business or personal funds;
- For an individual contributor, whether the address provided is the contributor's residence address; and
- The information regarding a contributor's address, occupation, and employer is correct.

Obtaining this certification is evidence that you acted in good faith in receiving the contribution. LAMC §§ 49.7.16(B)–(C). A sample [Contributor Certification](#) is available on the Ethics Commission's website.

7. LOANS

A loan is a contribution to your campaign. Please see Section 3.D.5 for more information about loans. For each loan, you must keep in your files a copy of the loan agreement and the following information:

- The amount of the loan;
- The lender;
- The interest rate;
- The due date; and
- The contributor information in Sections G.1-3 above for guarantors and persons liable for the loan.

H. RETURNING CONTRIBUTIONS

A contribution is not considered received or accepted and does not need to be reported if it is not cashed, negotiated, or deposited and is returned to the contributor within certain time frames. Cal. Gov't Code § 84211(q); 2 CCR § 18531; LAMC § 49.7.7. The FPCC's *Campaign Disclosure Manual 2* provides instructions for how to report returned contributions and bounced or stop-payment contribution checks. If you deposit a contribution that is later returned, it must be reported on Form 460 as having been received and as a payment made to the contributor.