

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. Charter § 803(a)(1)(C)(iii).
- 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. TYPES OF CONTRIBUTIONS

1. CASH

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

2. WRITTEN INSTRUMENT

A monetary contribution of \$99.99 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 cannot be accepted by money order, traveler's check, or cashier's check, even if the name of the contributor and payee are included. Cal. Gov't Code § 84300(c); FPPC's *Campaign Disclosure Manual 5*, p. 2.8.

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 account.

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. CCR § 18421.31; FPPC's *Campaign Disclosure Manual 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

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 4 for the FEC's brochure about contributions by foreign nationals.

D. CONTRIBUTION LIMITS

There are monetary limits to the amounts you can receive during your campaign. 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 2020 elections, the per-person contribution limit is \$1,200.

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 a maximum contribution for the March primary and another maximum contribution for the November general election.

Example: You begin fundraising for an LAUSD seat two months before the primary election. The first month, a contributor gives your primary election committee \$1,200. That contributor may not contribute any more money, goods, or services in connection with your March 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 November, that contributor can give up to the \$1,200 limit again to your general election committee.

Credit (other than a loan) extended for a period of more than 30 days is subject to the contribution limit, unless the creditor demonstrates a commercially reasonable attempt to collect a debt. Charter § 803(b)(6).

It is illegal to accept contributions in excess of the contribution limit. Charter § 803(b)(3). 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 2.

2. ANONYMOUS CONTRIBUTIONS

You may not receive more than \$200 total from all anonymous sources for an election. Charter § 803(d). 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.

3. 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 (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.

4. 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. Charter § 803(a)(6). 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 § 803(b)(6).

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. Charter § 803(b)(6). You must also maintain in your files the interest rate, the due date, and the name, address, occupation, and employer of the lender and each guarantor or person liable for the loan.

c. Personal Loans.

The amount and duration of a loan you make to your own committee is not limited.

E. AGGREGATION

In certain circumstances, contributions from two or more persons must be aggregated and treated as if they were made by 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. Charter § 803(n). If one aggregated person is prohibited from making a contribution in an LAUSD election, then everyone aggregated with that person is also prohibited. Consider the following examples:

Example 1: A sole proprietor of a minor league baseball team contributes \$900 from her personal checking account to an LAUSD candidate. She may not make a separate contribution from the ball club's checking account of more than \$300 to the same candidate in the same election.

Example 2: An individual who contributes \$1,200 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 an LAUSD candidate, an individual who holds a 50-percent investment interest in the business may not make a personal contribution of more than \$700.

Example 4: The CEO of a corporation directs the corporation to make a \$1,200 contribution to an LAUSD candidate. He may not make a separate contribution in any amount from his personal checking account.

Example 5: Alan and Bob own 80 percent of Company A and 60 percent of company B. If Company A makes a \$1,200 contribution to an LAUSD candidate, Company B may not make a separate contribution in any amount.

2. SPOUSES AND CHILDREN

Contributions by spouses are treated as separate contributions. Each spouse may make a contribution 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. Charter § 803(o).

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 also signs it.
- If each individual whose name is imprinted on a check signs it, the contribution must be attributed in equal amounts 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 in which the individual has certain ownership interests. Some occupations may indicate an ownership interest (e.g., owner/proprietor, chief executive officer, president, investor, partner).

CEFS allows authorized users to check for aggregation using the methods described above. See Section 2.B.2 for more information about CEFS.

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 2 for more information.

F. LIMITATIONS ON FUNDRAISING

1. LAUSD OFFICIALS AND EMPLOYEES

You may not, directly or indirectly, knowingly solicit contributions from any LAUSD officer or employee. Cal. Gov't Code § 3205. Public employees may not solicit contributions or engage in any other kind of political activity while in uniform. Cal. Gov't Code § 3206.

2. LAUSD RESOURCES

LAUSD resources may not be used to urge the support or defeat of any candidate or ballot measure. California Education Code § 7054. This includes the use of funds, services, supplies, telephones, computers, and other equipment.

3. CONFLICTS OF INTEREST

LAUSD board members may be prohibited from acting on certain matters if they have accepted contributions totaling more than \$250 in the preceding 12 months from a party to that matter. Cal. Gov't Code § 84308. Please contact the FPPC for more information.

G. CONTRIBUTOR INFORMATION

You may not deposit a contribution into your campaign checking account until you have the information below on file. Charter § 803(r)(2). 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 § 803(j). 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. Charter § 803(j). 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 § 803(v).

2. CONTRIBUTOR ADDRESS

This must include the street address, city, state, and zip code. Charter § 803(r)(2).

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

A professional field (*e.g.*, sales, education, entertainment, software, etc.) does not qualify as an occupation. However, an occupation may include being retired, a homemaker, or unemployed. Occupation and employer are not required if the contributor is a non-individual. Charter § 803(r)(2).

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 have to 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. LOANS

A loan is a contribution to your campaign. Please see Section 3.D.4 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 3.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 14 days of receipt. Cal. Gov't Code § 84211(q); 2 CCR § 18531; Charter § 803(p). The FPPC'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.