

CHAPTER THREE

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 contributor 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.¹⁵
- Communications paid for or made by third parties in cooperation with (at the behest of) you or your committee.

¹⁵ LAMC § 49.7.18.

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.¹⁶
- A fundraising event that is held in the host's home or office when the host's total costs are \$500 or less.¹⁷ Anything provided at or for the event by someone other than the host is a contribution to you from that person.

B. CONTRIBUTION METHODS

1. CASH

You may not receive cash contributions of more than **\$30 per contributor, per election**.¹⁸

2. WRITTEN INSTRUMENTS

A written instrument is a check, cashier's check, or money order. A contribution of **\$99.99 or less** may be made by any of those instruments.¹⁹ A contribution of **\$100 or more** must be made by a check 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.

3. CREDIT CARD AND ELECTRONIC TRANSFERS

A contribution of **any amount** up to the applicable limit may be made by credit card or electronic transfer. 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, multimedia messaging service, or other similar text messaging technology, but it may not exceed **\$30 per person, per election**.²⁰ Text contributions are treated as a pledge and are not considered "received" until you or your committee obtains control of the contributed funds.²¹

Note: You are required to obtain specific information about your contributors before depositing their contributions into your bank account. Please see Section G in this chapter for details.

¹⁶ 2 CCR § 18423.

¹⁷ Cal. Gov't Code § 82015(c)(2).

¹⁸ Charter § 470(d); LAMC § 49.7.3(B)(2)(d).

¹⁹ Cal. Gov't Code § 84300(c); FPPC's Campaign Disclosure Manual 2.

²⁰ LAMC § 49.7.6(B)(2), 2 CCR § 18421.31.

²¹ 2 CCR § 18421.31(b).

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.²² The Ethics Commission maintains a database of registered lobbying entities on its [website](#).

2. BIDDERS AND CONTRACTORS

Certain bidders, contractors, and 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 when a contract is worth \$100,000 or more and varies based on who must approve the contract.

If approval is required by:	City Council	Mayor, City Attorney, or Controller
Then contributions and fundraising are prohibited for:	<ul style="list-style-type: none"> • All elected City Officials and the City committees they control. • All City candidates and the City committees they control. 	<ul style="list-style-type: none"> • That elected City official and the City committees that elected official controls. • All candidates for that elected City office and the City committees they control.

Note: Certain exceptions apply and you should contact the Ethics Commission with any questions.

3. DEVELOPERS

Beginning June 8, 2022 (the day the fundraising window for the 2022 general elections opens), certain persons associated with an application for a significant planning entitlement (SPE) are prohibited from making contributions to elected City officials, candidates for City office, and their committees.²³

²² Charter § 470(c)(11).

²³ LAMC § 49.7.37(A)(6).

The prohibition applies to “restricted developers”: persons identified as applicants or owners on an SPE application filed with the Planning Department, and their principals of those applicants or owners, including²⁴:

- A restricted developer’s board chair, president, CEO, CFO, COO, and any individual who serves in the functional equivalent of one or more of those roles;
- A person who holds an ownership interest of 20 percent or more in a restricted developer; and
- An individual authorized to represent a restricted developer before the Planning Department concerning the SPE.

The prohibition applies from the time an application for an SPE is submitted until 12 months after the date a letter of determination is issued or, if none, the date the decision on the application is final. The Planning Department is required to notify every SPE applicant of this prohibition.

4. 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 corporations owned by foreign nationals may also be prohibited from making contributions under certain circumstances.²⁵ Immigrants with status as lawful permanent residents in the United States may contribute. For more information, please see the FEC’s *Foreign Nationals* publication in Appendix G.

5. CRYPTOCURRENCY

You are prohibited from receiving contributions in cryptocurrency, such as Bitcoin.²⁶

D. CONTRIBUTION LIMITS

There are monetary limits to the contributions you can receive during your campaign. These limits are important to understand before you begin to solicit or receive contributions.

²⁴ LAMC § 49.7.37(A)(4).

²⁵ 52 USC § 30121; 11 CFR § 110.20(g).

²⁶ 2 CCR § 18215.4.

1. PER-PERSON LIMITS

You may not accept more than a certain amount in contributions from a single person in a single election. 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.²⁷

For the 2022 elections, the per-person limits are:

City Council:	\$800 per person, per election
Citywide:	\$1,500 per person, per election

The primary election and the general election are considered two separate elections. Therefore, one contributor may give you a maximum contribution for the June primary and another maximum contribution for the November general election.

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.²⁸

It is illegal to accept contributions in excess of the contribution limit.²⁹ This includes monetary contributions, in-kind contributions, and loans. 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 H.

Example: You begin fundraising for a Council 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 limit still applies. However, if you move on to the general election in November, that contributor can give up to \$800 to your general election committee.

2. NON-INDIVIDUAL CONTRIBUTIONS

You are prohibited from receiving more than a certain amount, in total, from non-individual contributors. Non-individuals are entities, such as businesses, corporations, labor unions, and political committees.³⁰

²⁷ Cal. Gov’t Code § 82047.

²⁸ LAMC § 49.7.9(D).

²⁹ Charter §§ 470(c)(3)-(4).

³⁰ Charter § 470(c)(7).

For the 2022 City elections, the cumulative non-individual limits are:

City Council	\$240,700
City Attorney / Controller	\$641,900
Mayor	\$1,444,400

This limit will be lifted if a candidate who does not participate in the matching funds program raises or spends more than the following amounts³¹:

	Primary	General
City Council	\$571,000	\$476,000
Controller	\$1,332,000	\$1,000,000
Attorney	\$1,498,000	\$1,165,000
Mayor	\$3,329,000	\$2,662,000

3. ANONYMOUS CONTRIBUTIONS

You may not receive more than \$200, in total, from all anonymous sources during an election.³² All additional contributions from anonymous sources must be turned over to the City Treasurer for deposit into the City's general fund.

4. GIFTS

Once you file your Form 501, the state prohibits you from accepting personal gifts from a single source during the 2020 calendar year with a total value of more than \$500.³³ The 2021 limit is \$520. 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. For information, please contact the FPPC.

If you are an incumbent seeking reelection, you continue to be subject to the City's limits on gifts to City officials from banned and restricted sources.

³¹ See Chapter 4; Charter § 470(c)(7)(D).

³² Charter § 470(e).

³³ Cal. Gov't Code § 89503.

5. LOANS

Your campaign may receive loans, subject to certain limitations and requirements.

a. Personal Loans

The amount and duration of a loan you make to your own committee is not limited, unless you are a matching funds participant. If you are not elected to office, you may repay yourself the entire amount of a loan you make to your own campaign.

If you are elected to office, the amount you may repay yourself is limited after the election. If you lend your campaign more than the limit below and do not repay yourself prior to the election, the amount in excess of the limit is a contribution to your committee that may not be repaid³⁴. The 2022 limits are:

City Council candidates:	\$37,000
Citywide candidates:	\$148,100

b. Commercial Loans

You may take out a loan from a commercial lending institution. If you do that on the same terms available to the public in the regular course of business, there are no limits on the amount or the repayment terms (other than those in the previous section that apply to winning candidates).³⁵

c. Other Loans

If your committee accepts a loan from another person, it cannot exceed the per-person contribution limit and must be repaid within 30 calendar days. If it is not repaid within 30 calendar days, it becomes a contribution that cannot be repaid.

³⁴ LAMC § 49.7.9(E).

³⁵ Charter § 470(c)(8).

d. Matching Funds Participants

If you are a matching funds participant, you cannot qualify to receive matching funds if you lend yourself more than the following amount in an election:

City Council candidates:	\$37,000
Citywide candidates:	\$148,100

If you exceed the spending limit before it is lifted, the balance of your personal loan may not be repaid, regardless of amount.³⁶ See Chapter 4 for more information about the matching funds program.

e. 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.³⁷ You must also keep records of the amount of the loan, the interest rate, the due date, and the name, address, job title, and employer of the lender, and each guarantor or person liable for the loan.

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 holds a majority ownership interest in another contributor or controls another contributor's contribution activity.³⁸ All aggregated persons are subject to the lowest contribution limit that applies to any of them. If one aggregated person is prohibited from making a contribution in a City election, then everyone aggregated with that person is also prohibited. There are many situations in which aggregation may occur. Consider the examples on the following page.

³⁶ LAMC §§ 49.7.9(F), 49.7.23(C)(5).

³⁷ LAMC § 49.7.9(B).

³⁸ LAMC § 49.7.4.

Example 1: A sole proprietor of a dry cleaner contributes \$500 from her personal checking account to a City Council candidate. Because the contribution limit is \$800 per person, she may not make a separate contribution from the business's checking account of more than \$300 to the same candidate in the same election.

Example 2: An individual who makes a maximum contribution of \$1,500 to a Mayoral candidate from his own checking account may not make a contribution of any amount to the same candidate in the same election from the funds of another individual for whom he holds financial power of attorney.

Example 3: If a business entity makes a contribution of \$400 to a City Council candidate, an individual who holds an investment interest in the business of 50 percent or more may not make a personal contribution of more than \$400 to the same candidate in the same election.

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 a maximum \$800 contribution to a City Council candidate. He may not make a separate contribution in any amount from his personal funds to the same candidate in the same election.

Example 6: Alan and Bob own 80% of Company A and 60% of Company B. If Company A makes a \$1,000 contribution to a Controller candidate, Company B may not make a separate contribution greater than \$500 to the same candidate in the same election. Alan or Bob may be limited in their personal contributions, if one of them owns 50% or more of either company.

2. SPOUSES AND CHILDREN

Contributions by spouses and registered domestic partners are separate contributions, and each spouse or registered domestic partner 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.³⁹

3. JOINT CHECKING ACCOUNTS

State law specifies standard ways in which contributions from joint checking accounts must be attributed.⁴⁰

- 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.
- If the name of the individual who signs the check is not imprinted on the check, an accompanying document, signed by the contributing individual, must state to whom the contribution is attributed.

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

4. AVOIDING EXCESS CONTRIBUTIONS

It is important to keep track of all contributions you have received, to ensure that no contributor exceeds the per-person contribution limit and to ensure that your committee does not exceed the non-individual limit.

CEFS allows authorized users to run reports that check for aggregation. It is important to run reports after each filing for all contributions you have received to date.

Example: Contributions from an individual must be aggregated with those of an entity in which the individual has certain controlling interests. Some job titles may indicate a controlling interest (e.g., owner/proprietor, chief executive officer, president, investor, partner).

³⁹ LAMC § 49.7.5(B).

⁴⁰ 2 CCR § 18533.

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 provided for this purpose in Appendix F. 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 H 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.⁴¹

2. CITY PROPERTY

No one may solicit, receive, or deliver a contribution in a room or building owned by (or paid for and used by) the City, unless the space is available to the public for organized campaign activities. If you receive an unsolicited contribution by mail on City property, you must forward it to your campaign within seven business days of receipt.⁴²

3. HIGH LEVEL OFFICIALS

The heads of City Departments and members of City boards and commissions who are required to file statements of economic interests 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.⁴³
- b. Engaging in prohibited fundraising activity on behalf of a City candidate or a committee controlled by the candidate.⁴⁴

41 LAMC § 49.7.11(B)(1).

42 LAMC § 49.7.11(B)(2).

43 LAMC § 49.7.11(C)(1).

44 LAMC § 49.7.11(C)(2).

4. LOBBYING ENTITIES

If a lobbying entity engages in fundraising on your behalf, you must maintain records that detail the fundraising activity, including⁴⁵:

- 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.⁴⁶

G. CONTRIBUTOR INFORMATION

You may not deposit a contribution into your campaign checking account until you have the information below on file.⁴⁷ You must return every contribution of \$100 or more within 60 days if you do not have all of the required information.⁴⁸ The documentation required for loans is identified above in D.5.e.

1. CONTRIBUTOR NAME

This must be the legal name of the true source of the contribution. It is important to ensure that the name is correctly spelled.

2. CONTRIBUTOR ADDRESS

The address must include the street address, city, state, and zip code. If the contribution is used for matching funds purposes, the address must be the contributor's residence address. If the address provided is a multi-unit address, such as an apartment building, the unit number must be provided. A post office or business service center box address may not be used.

⁴⁵ LAMC § 48.05(A).

⁴⁶ LAMC § 48.05(C).

⁴⁷ LAMC § 49.7.16(A).

⁴⁸ Cal. Gov't Code § 85700.

3. CONTRIBUTOR JOB TITLE 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:

Name:	John Smith	Amount:	\$350 on 8/18/20
Address 1:	123 Main St.	Job Title:	Doctor
Address 2:	Los Angeles, CA 90000	Employer:	Smith Medical Offices

A professional field (e.g., sales, education, entertainment, software, etc.) does not qualify as a job title. However, a job title may include being retired or a homemaker. Job title and employer are not required if the contributor is a non-individual.

4. AMOUNT OF CONTRIBUTION

In addition to reporting the dollar amount of all monetary contributions, you must disclose the fair market value (FMV) of all non-monetary contributions. The FMV is the amount you or your committee would have to pay on the open market for the good or service. This information may be obtained in writing from the contributor or, if that is not possible, as an estimate from vendors who provide similar goods or services. You should maintain a written record that describes the method you used to assess the FMV.

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.⁴⁹

6. CONTRIBUTOR CERTIFICATION

All of your contributors must certify all of 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;

In the John Smith example to the left, "medicine" or "healthcare" would not be acceptable job titles. Here are some other job title examples:

Acceptable: Teacher
Not Acceptable: Education

Acceptable: CFO
Not Acceptable: Finance

Acceptable: Entrepreneur
Not Acceptable: Self

Acceptable: Sales Associate
Not Acceptable: Sales

Acceptable: Copy Editor
Not Acceptable: Advertising

Acceptable: Production Assistant
Not Acceptable: Entertainment

⁴⁹ 2 CCR § 18421.1.

- 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;
- Beginning June 8, 2022, the contribution is not from a restricted developer or principal 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, job title, and employer is correct.

Obtaining this certification is evidence that you acted in good faith in receiving the contribution.⁵⁰ Contributions received without the proper certifications may not be deposited or used to qualify for or receive matching funds. Sample contributor certifications are available in Appendix D, and on the Ethics Commission's website.

7. CONTRIBUTIONS FROM AN LLC

If you receive contributions of \$100 or more from a limited liability company (LLC), you must collect additional information about individuals associated with the LLC before depositing the contribution into your campaign checking account.⁵¹ The information must be disclosed on your Form 460.

⁵⁰ LAMC §§ 49.7.16(B)–(C).

⁵¹ 2 Cal. Code Regs. § 18421.10.

If the LLC...	Then you must collect the following, in addition to the LLC's name:
Does not qualify as a committee	The name of the individual primarily responsible for approving the contribution.
Qualifies as a recipient committee <i>(receives contributions totaling \$2,000 or more in a calendar year)</i>	The name of the committee's principal officer.*
Qualifies as an IE committee <i>(makes IEs totaling \$1,000 or more in a calendar year)</i>	The name of the LLC's responsible officer.*
Qualifies as a major donor committee <i>(makes contributions totaling \$10,000 or more in a calendar year to or at the behest of candidates or committees)</i>	The name of the LLC's responsible officer.*

* The individual primarily responsible for approving the entity's political activity, such as authorizing expenditures or contributions and developing or approving a campaign strategy.

If more than one individual shares in the responsibilities identified in the table above, you must report the name of at least one of those individuals.⁵²

An LLC is required to disclose to your campaign any contributions it makes on behalf of a third party, as well as the third party's full name, address, job title, and employer or, if the third party is self-employed, principal place of business.

H. MONEY LAUNDERING

A contribution made in the name of someone other than the true source of the contribution is an "assumed name" contribution.⁵³ This is commonly referred to as **political money laundering**, and it is **illegal**.

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.⁵⁴

Example: 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.

⁵² 2 CCR § 18402.2(b).

⁵³ Charter § 470(k).

⁵⁴ Charter § 470(o); LAMC § 49.7.38.

I. 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.⁵⁵ 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.

⁵⁵ Cal. Gov't Code § 84211(q); 2 CCR § 18531; LAMC § 49.7.7.