

City Campaign Finance

Los Angeles City Charter § 470

Effective April 8, 2011

Los Angeles City

ETHICS COMMISSION

200 North Spring Street, 24th Floor
Los Angeles, CA 90012
(213) 978-1960
ethics.lacity.org

**Campaign Finance
TABLE OF CONTENTS**

(a) Purpose..... 1

(b) Definitions. 1

(c) Campaign Contribution Limitations..... 1

(d) Cash Contributions..... 7

(e) Anonymous Contributions. 7

(f) Adjustment of Limits. 7

(g) Campaign Contribution Checking Account..... 7

(h) Treasurer..... 8

(i) Accountability. 8

(j) Petty Cash Fund..... 8

(k) Assumed Name Contributions..... 9

(l) Campaign Expenditures - Uncontrolled by Candidate or Committee. 9

(m) Suppliers of Goods and Services – Disclosure of Records Required..... 9

(n) Duties of City Ethics Commission..... 9

(o) Enforcement..... 10

(p) Effect of Violation on Outcome of Election. 11

(q) Verification. 12

(r) Injunction..... 12

(s) Severability..... 12

Additional limits and requirements are housed in Los Angeles Municipal Code §§ 49.7.1 et seq.

**Los Angeles City Charter
ARTICLE IV – ELECTIONS**

CAMPAIGN FINANCE

**SEC. 470. LIMITATIONS ON
CAMPAIGN CONTRIBUTIONS IN CITY
ELECTIONS.**

(a) Purpose.

The purpose of this section is to encourage a broader participation in the political process by placing limits on the amount any person may contribute or otherwise cause to be available to candidates for election to the offices of Mayor, City Attorney, Controller and City Council of the City of Los Angeles and by regulating the disposition of unexpended contributions received by or on behalf of such candidates. This section is intended to supplement the Political Reform Act of 1974.

(b) Definitions.

- (1) The definitions set forth in the Political Reform Act of 1974 as amended (Government Code Sections 82000 through 82055) shall govern the interpretation of this section, unless otherwise specified herein.
- (2) The term elected City office, as used herein, shall mean the offices of Mayor, City Attorney, Controller and member of the City Council.
- (3) The term election shall include a primary nominating election, a general municipal election, a special election and a recall election.

(c) Campaign Contribution Limitations.

- (1) No intended candidate for any elected City office, and no committee acting on behalf of such candidate, shall solicit or accept, or cause to be solicited or accepted, any contribution for use in any election for such office unless and until such candidate shall have filed a Declaration of Intent to Solicit and Receive Contributions in connection with candidacy for a specific elected City office. That declaration shall be filed with the City Ethics Commission on a form prescribed by the City Ethics Commission. Once the election takes place, the declaration is thereafter void. No person may file such declaration for more than one elected City office nor have more than one such declaration on file at the same time. A candidate may, however, file a form canceling one declaration and may thereafter file a new declaration.
- (2) The candidate and the treasurers of the candidate's controlled committees shall file with the City Ethics Commission on a form prescribed by the City Ethics Commission a statement under oath that the candidate and the treasurers have read and understood Section 470. This statement shall be filed concurrent with the filing of the Declaration of Intent to Solicit and Receive Contributions.
- (3) No person shall contribute a total of more than five hundred dollars (\$500) to any candidate for City

Council and to his or her controlled committee for a single election. A candidate for City Council and his or her controlled committee shall not accept any contribution or contributions totaling more than five hundred dollars (\$500) from any person for a single election. Nothing in this section is intended to limit the amount a candidate may contribute to his or her campaign for City Council from his or her personal funds.

(4) No person shall contribute a total of more than one thousand dollars (\$1,000) to any candidate for Mayor, City Attorney or Controller and to his or her controlled committee for a single election. A candidate for Mayor, City Attorney or Controller, and or his or her controlled committee, shall not accept any contribution or contributions totaling more than one thousand dollars (\$1,000) from any person for a single election. Nothing in this section is intended to limit the amount a candidate can contribute to his or her candidacy for Mayor, City Attorney or Controller from his or her personal funds.

(5) No person shall make to any committee (other than the candidate's controlled committee) which supports or opposes any candidate for Mayor, City Attorney, Controller or City Council, and no such committee shall accept from any such person, a contribution or contributions totaling more than five hundred dollars (\$500) in any calendar year.

(6) No person shall make a contribution in connection with a single election for an elected City office which would cause the aggregate amount of such contributions by that person to exceed a sum equal to five hundred dollars (\$500) multiplied by the number of City Council offices appearing on the ballot at that election plus one thousand dollars (\$1,000) multiplied by the number of City-wide offices appearing on the ballot at that election, but in no case less than one thousand dollars (\$1,000), in connection with all candidates in that election seeking election to all elected City offices; provided, however, that a candidate shall not be limited by this Subsection (6) in the amount he or she may contribute or expend in connection with his or her own campaign, subject to the provisions of Subsection (c)(10) of this section.

(7) Contributions From Persons Other than Individuals.

(A) No candidate for City Council, together with the controlled committee of such candidate, shall accept more than a total of one hundred fifty thousand dollars (\$150,000) in contributions from persons, other than individuals, in connection with any election.

(B) No candidate for City Attorney or Controller, together with the controlled committee of such candidate, shall accept more than a total of four hundred thousand dollars (\$400,000) in

contributions from persons, other than individuals, in connection with any election.

(C) No candidate for Mayor, together with the controlled committee of such candidate, shall accept more than a total of nine hundred thousand dollars (\$900,000) in contributions from persons, other than individuals, in connection with any election.

(D) If a candidate for elected City office declines matching funds and receives contributions or spends an amount exceeding the applicable expenditure ceilings, this subsection shall not apply to any of the candidates for the same office.

(8) No person shall make, and no person or candidate shall solicit or accept any loan of more than five hundred dollars (\$500) for use in connection with an election for City Council, or of more than one thousand dollars (\$1,000) for use in connection with an election for Mayor, City Attorney or Controller. Further, no person shall make, and no person or candidate shall solicit or accept any loan for use in connection with an election for City office for a period of more than 30 days. Loans to a candidate or to a candidate's controlled committees shall be counted against the contribution limitations applicable to the candidate. A candidate is not prohibited from obtaining a personal loan of any amount from a licensed financial lending institution in the regular course of

business, unless the loan is made for political purposes. This Subsection (8) shall not limit the amount or duration of loans from the candidate to his or her own campaign.

(9) Any contributions solicited or accepted pursuant to this section shall be expended only in connection with the candidacy for the office specified in the candidate's Declaration of Intent to Solicit and Receive Contributions. Contributions solicited or accepted pursuant to this section for one individual shall not be expended for the candidacy of any other individual seeking City office or in support of or in opposition to any City ballot measure. No candidate, committee controlled by a candidate, or elected City officer shall use contributed funds to make any contribution to any other candidate running for office or to any committee supporting or opposing a candidate for office. Provided, however, a candidate shall not be prohibited from making a contribution from his or her own personal funds to his or her own candidacy, to the candidacy of any other candidate for elected City office or in support of or in opposition to any City ballot measure.

(10) No candidate shall expend or contribute more than thirty thousand dollars (\$30,000) in personal funds in connection with his or her campaign for elected City office unless and until the following conditions are met.

(A) Notice of the candidate's intent to so expend or contribute shall be provided by registered mail to all opponents and to the City Ethics Commission at least 30 days in advance of the election, specifying the amount intended to be expended or contributed.

(B) All personal funds to be expended or contributed by the candidate in excess of thirty thousand dollars (\$30,000) shall first be deposited in the candidate's campaign contribution checking account at least 30 days before the election. Each opponent of any candidate who has complied with the above conditions shall be permitted to solicit and receive, and contributors to each such opponent may make, contributions in excess of the limitations established in Subsections (c)(3) and (4) until such opponent has raised contributions in amounts above such limits equal to the amount of personal funds deposited by the candidate in his or her campaign contribution checking account.

(11) No elective City officer or candidate for elective City office, nor any of his or her City controlled committees, shall solicit or accept any contribution to the officer or candidate, or to any of his or her City controlled committees, from any lobbyist or lobbying firm registered to lobby the City office for which the

candidate is seeking election, or the current City office, commission, department, bureau or agency of the candidate or officer. No person required by ordinance to be registered as a lobbyist or lobbying firm shall make any contribution to an elective City officer or candidate for elective City office, or to any of his or her City controlled committees, if the lobbyist or lobbying firm is required by ordinance to be registered to lobby the City office for which the candidate is seeking election, or the current City office, commission, department, bureau or agency of the candidate or officer.

(12)(A) The following persons shall not make a campaign contribution to any elected City official, candidate for elected City office, or City committee controlled by an elected City official or candidate:

(i) A person who bids on or submits a proposal or other response to a contract solicitation that has an anticipated value of at least \$100,000 and requires approval by the City Council;

(ii) Subcontractors that are expected to receive at least \$100,000 as a result of performing a portion of the contract obligations of a person defined in subparagraph (i); and

- (iii) Principals of persons defined in subparagraphs (i) and (ii).

(B) The following persons shall not make a campaign contribution to the Mayor, the City Attorney, the Controller, a City Council member, a candidate for any of those elected City offices, or a City committee controlled by a person who holds or seeks any of those elected City offices:

- (i) A person who bids on or submits a proposal or other response to a contract solicitation that has an anticipated value of at least \$100,000 and requires approval by the elected City office that is held or sought by the person to whom the contribution would be given;
- (ii) Subcontractors that are expected to receive at least \$100,000 as a result of performing a portion of the contract obligations of a person defined in subparagraph (i); and
- (iii) Principals of persons defined in subparagraphs (i) and (ii).

(C) The following persons shall not engage in prohibited fundraising for any elected City official, candidate for elected City office, or City committee controlled by an elected City official or candidate as further provided by ordinance:

- (i) A person who bids on or submits a proposal or other response to a contract solicitation that has an anticipated value of at least \$100,000 and requires approval by the City Council;
- (ii) Subcontractors that are expected to receive at least \$100,000 as a result of performing a portion of the contract obligations of a person defined in subparagraph (i); and
- (iii) Principals of persons defined in subparagraphs (i) and (ii).

(D) The following persons shall not engage in prohibited fundraising for an elected City official, candidate for the elected City office, or City committee controlled by a person who holds or seeks the elected City office as further provided by ordinance:

- (i) A person who bids on or submits a proposal or other response to a contract solicitation that has an anticipated value of at least \$100,000 and requires approval by the elected City office that is held or sought by the person for whom the fundraising would be conducted;
- (ii) Subcontractors that are expected to receive at least \$100,000 as a result of performing a portion of the

contract obligations of a person defined in subparagraph (i); and

- (iii) Principals of persons defined in subparagraphs (i) and (ii).

(E) The prohibitions in paragraphs (A) and (B) shall apply from the time the bid or proposal is submitted until the contract is signed, the bid or proposal is withdrawn by the bidder or proposer, or the City rejects all proposals for the contract, whichever is earlier. The prohibitions shall continue for 12 months after the contract is signed for the successful bidder or proposer, its principals, its subcontractors of at least \$100,000, and the principals of those subcontractors.

(F) For purposes of this subdivision, a principal of a person who is a bidder, proposer, or subcontractor means the person's board chair, president, chief executive officer, chief operating officer, or the functional equivalent of those positions; any individual who holds an ownership interest in the person of 20 percent or more; and any individual authorized by the bid or proposal to represent the person before the City.

(G) This subdivision shall not apply to:

- (i) Contributions to or fundraising on behalf of elected officials or candidates for elected City

office where that official's approval is required only by section 262, 271(d), or 370 of the Charter other than contracts required to be approved by the City Council that have an anticipated value of at least \$100,000 and proprietary department contracts that have an anticipated value of at least \$100,000;

- (ii) Contributions to or fundraising on behalf of members of the City Council where the City Council's approval authority is only through Charter section 245 except as further restricted by ordinance;

- (iii) Any contract governed by Charter section 609(e);

- (iv) A governmental entity; and

- (v) A candidate for elected City office who is a bidder, proposer, subcontractor or subcontractor's principals with regard to using personal funds or engaging in fundraising on the candidate's own behalf for the candidate's election for City office.

(H) Every contract solicitation regarding a contract subject to this provision shall include notice of the prohibitions of this subdivision. At the time of submitting a bid or proposal for a contract subject to this section, the bidder or proposer

must complete a form identifying the names of its principals, subcontractors of at least \$100,000, the principals of those subcontractors, and certify that the bidder or proposer will comply with and notify its principals and subcontractors of the prohibitions in this subdivision; and provide any other information determined necessary.

(I) In addition to any other penalties that may apply, any person found to have violated this section is subject to contract debarment as further provided by ordinance. If the determination is made to impose debarment, the minimum terms of debarment shall be one year for the first violation, two years for the second violation, three years for the third violation, and four years for the fourth violation.

(J) The City Council may adopt ordinances as necessary to carry out the purposes of this provision. Nothing contained in this subdivision (c)(12) shall be construed or applied to limit the authority of the City Council by ordinance to adopt additional regulations, including sanctions, for the conduct or activities that is the subject matter addressed herein.

(d) Cash Contributions.

No person shall make, and no candidate or committee shall solicit or accept, any cash contribution in excess of twenty-five dollars (\$25).

(e) Anonymous Contributions.

Total anonymous contributions to a candidate or committee which exceed in the aggregate two hundred dollars (\$200) with respect to a single election shall not be used by the candidate or committee for whom such contributions were intended, but instead, such excess shall be paid promptly to the City Treasurer for deposit in the General Fund of the City.

(f) Adjustment of Limits.

The amounts specified in Subsections (c) and (d) of this section may be modified from time to time by ordinance to reflect changes in the consumer price index for the Los Angeles-Long Beach metropolitan statistical area.

(g) Campaign Contribution Checking Account.

No more than one campaign contribution checking account shall be established by each candidate for elected City office, and by each committee supporting or opposing such candidate. The account shall be established at an office of a bank or savings and loan institution located in the City of Los Angeles. Upon opening such account, the candidate shall file with the City Ethics Commission within ten days of opening the campaign bank account, the name of the bank or savings and loan institution and the account number. Funds shall only be disbursed from such account by checks signed by the candidate, treasurer or designated agent of the

treasurer. A candidate, treasurer or designated agent of the treasurer shall deposit into the campaign checking account all contributions received in connection with a City election. A candidate, treasurer or designated agent of the treasurer shall pay all campaign expenditures for a City election with monies from this campaign checking account.

If a candidate has other controlled committees and such committees have checking accounts, the candidate shall notify the City Ethics Commission in writing of these committees and the names and addresses of the banks or savings and loan institutions and the account numbers of any such accounts. A candidate shall notify the City Ethics Commission of these committees, the banks or savings and loan institutions, and the account numbers concurrent with the filing of the Declaration of Intent to Solicit and Receive Contributions. If committees are thereafter formed or accounts thereafter opened, then the candidate shall notify the City Ethics Commission on the next regular business day on which the office is open. No contribution shall be commingled with the personal funds of the candidate or any other person.

This subsection shall not prohibit the establishment of savings accounts or certificates of deposit, provided that no campaign expenditures may be made therefrom.

(h) Treasurer.

A candidate having campaign committees for elected City office shall appoint a treasurer of each

committee. No expenditure shall be made by or on behalf of a committee without the authorization of the treasurer or that of his or her designated agents. No contribution or expenditure shall be accepted or made by or on behalf of a committee at a time when there is a vacancy in the office of treasurer. It shall be the duty of the candidate and the treasurer to approve and authorize such payments and to retain such authorizations, detailed accounts, records, bills and receipts.

(i) Accountability.

The candidate and the treasurer shall maintain such detailed accounts, records, bills and receipts as are necessary to prepare campaign statements.

The candidate and the treasurer shall retain the detailed accounts, records, bills and receipts for the periods specified in the Political Reform Act of 1974 as amended. Every candidate and committee shall make available on demand to any public officer having legal authority to enforce this section, details of checking and financial accounts of each committee controlled by the candidate and all records supporting such details.

(j) Petty Cash Fund.

Subsection (g) notwithstanding, a candidate, campaign treasurer and other designated agents authorized to issue checks on a campaign contribution checking account may disburse to the candidate or committee establishing the checking account an amount not greater than fifty dollars (\$50) per week to be used

for petty cash purposes by the candidate or committee.

(k) Assumed Name Contributions.

No contribution shall be made, directly or indirectly, by any person or combination of persons, acting jointly in a name other than the name by which they are identified for legal purposes, nor in the name of another person or combination of persons. No person shall make a contribution in his, her or its name of anything belonging to another person or received from another person on the condition that it be used as a contribution. In the event it is discovered by a candidate or committee treasurer that a contribution has been received in violation of this subsection, the candidate or treasurer shall promptly pay the amount received in violation of this subsection to the City Treasurer for deposit in the General Fund of the City.

(l) Campaign Expenditures - Uncontrolled by Candidate or Committee.

Persons or organizations not subject to the control of a candidate or committee but who make independent expenditures for or against a candidate or committee shall comply with the applicable disclaimer requirements established by ordinance.

(m) Suppliers of Goods and Services – Disclosure of Records Required.

No person who supplies goods or services or both goods and services

to a candidate or committee for use in connection with the campaign for an elected City office shall knowingly refuse to divulge or disclose to the City Ethics Commission or to any public officer having legal authority to enforce this section, the details and the records supporting such details of any expenditures made by the candidate or committee in payment for such goods or services or both.

(n) Duties of City Ethics Commission.

The City Ethics Commission shall administer the provisions of this section. In addition to other duties required under the terms of this section, the City Ethics Commission shall:

- (1) Report apparent violations of this section and applicable state law to the City Attorney.
- (2) Conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for City offices as required under both the Political Reform Act of 1974 as amended and this section. The City Ethics Commission shall employ investigators where necessary to fully investigate candidate spending and reporting.
- (3) Enforce or cause to be enforced the provisions of this section pursuant to Section 90002(c) of the Government Code. The City Ethics Commission may subpoena witnesses, compel their attendance and testimony, administer oaths and affirmations,

take evidence and require by subpoena the production of any books, papers, records or other items necessary to the audit and investigation of candidates for election to City office.

(o) Enforcement.

(1) Criminal Enforcement. Any person who knowingly or willfully violates any provisions of this section is guilty of a misdemeanor. Any person who causes any other person to violate any provision of this section, or who aids and abets any other person in the violation of any provision of this section, shall be liable under the provisions of this section. Prosecution for violation of any provision of this section must be commenced within two years after the date on which the violation occurred.

(2) Civil Enforcement.

(A) Any person who intentionally or negligently violates any provision of this section shall be liable in a civil action brought by the City Attorney or by a person residing within the City. Where no specific civil penalty is provided, a person may be liable for an amount up to two thousand dollars (\$2,000) for each violation.

(B) Any person who intentionally or negligently makes or receives a contribution, or makes an expenditure, in violation of any provision of this section shall be liable in a civil action brought by the City Attorney or

by a person residing within the City for an amount up to three times the amount of the unlawful contribution or expenditure.

(C) If two or more persons are responsible for any violation, they shall be jointly and severally liable.

(D) Any person, before filing a civil action pursuant to this subsection, must first file with the City Attorney a written request for the City Attorney to commence the action. The request shall contain a statement of the grounds for believing a cause of action exists. The City Attorney shall respond within 40 days after receipt of the request, indicating whether the City Attorney intends to file a civil action. If the City Attorney indicates in the affirmative, and files suit within 40 days thereafter, no other action may be brought unless the action brought by the City Attorney is dismissed without prejudice.

(E) Not more than one judgment on the merits with respect to any violation may be obtained under this subsection. Actions brought for the same violation or violations shall have precedence for purposes of trial in the order of the time filed. Such actions shall be dismissed once judgment has been entered or a settlement approved by the court in a previously filed action. The

court may dismiss a pending action without prejudice to any other action for failure of the plaintiff to proceed diligently and in good faith. The action may be so dismissed on motion by the City Attorney or any plaintiff in an action based on the same violation.

(F) In determining the amount of liability under this subsection, the court may take into account the seriousness of the violation and the degree of culpability of the defendant.

(i) No civil action alleging a violation of Subsection (c) of this section, in connection with a contribution or expenditure shall be filed more than four years after an audit could begin as set forth in the Political Reform Act of 1974 as amended.

(ii) No civil action alleging a violation of any provisions of this section other than Subsection (c) of this section shall be filed more than four years after the date of the violation.

(p) Effect of Violation on Outcome of Election.

(1) If a candidate is convicted of a misdemeanor violation of any provision of this section, the court shall make a determination as to whether the violation had a material effect on the outcome of

the election. If the court finds such a material effect, then:

(A) if such conviction becomes final before the date of the election, the votes for such candidate shall not be counted, and the election shall be determined on the basis of the votes cast for the other candidates in that race;

(B) if such conviction becomes final after the date of the election, and if such candidate was declared to have been elected, then such candidate shall not assume office, the office shall be deemed vacant and shall be filled as otherwise provided in the Charter;

(C) if such conviction becomes final after the candidate has assumed office, then the candidate shall be removed from office, the office shall be deemed vacant and shall be filled as otherwise provided in the Charter; and

(D) the person so convicted shall be ineligible to hold any elected City office for a period of five years after the date of such conviction.

(2) The City Clerk shall not issue any certificate of nomination or election to any candidate until his or her pre-election campaign statements required by the Political Reform Act of 1974, as amended, or if no campaign statement is required, the written declaration permitted under Section 84205 of the

Government Code, have been filed in the form and at the place required by the Political Reform Act of 1974.

(q) Verification.

All declarations, reports and statements filed under this section shall be signed and verified by the filer under penalty of perjury. The candidate and any person signing declarations, reports and statements under this provision shall read, know and understand the contents of all such declarations, reports and statements.

(r) Injunction.

The City Attorney on behalf of the people of the City of Los Angeles or any person residing in the City of Los Angeles may sue for injunctive relief to enjoin violations or to compel compliance with the provisions of this section. The Court may award a plaintiff or defendant who prevails his or her costs of litigation, including reasonable attorney's fees; provided, however, that no such award may be granted against the City of Los Angeles.

(s) Severability.

If any provision or portion of this section is for any reason held to be invalid or unconstitutional by the decision of any court, such decision shall not affect the remaining portions of this section.