

Communication from Public

Name: LA Campaign Finance Reform Coalition
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Comments for Public Posting:

To: Los Angeles City Council Rules Committee
From: CA Clean Money Campaign, CA Common Cause, Citizens Take Action,
Money Out Voters In (MOVI), Represent.Us LA-SGV, & Unrig LA
Date: December 3rd, 2019
Re: Rules Committee Report - Restrict campaign contributions/fundraising
by developers and disclosure of behested payments - November 15, 2019

We oppose the adoption of the proposed ban on developer contributions unless it is amended to reflect the standards for reform set in Measure H.

BACKGROUND

In 2011 75% of voters in the City of LA approved Measure H, our ban on contributions from city contractors. City Council's January Motion requested an ordinance banning contributions from significant developers, modeled after Measure H. Shortly after, the LA City Ethics Commission proposed an ordinance that reflected Measure H and additionally closed a number of remaining loopholes.

In May City Council approved the Rules Committee's request for the City Attorney to present multiple ordinances, with one reflecting the Ethics Commission's Proposal (Ordinance A) and one reflecting the Council Motion (Ordinance B). After the City Attorney presented both Ordinances, the Rules Committee advanced Ordinance B, along with a number of additional requests in its November 15th Report. Ordinance B fails to live up to the standards set in Measure H, and presents far too many loopholes. We oppose this ordinance unless it is amended.

SIGNIFICANT DISTINCTIONS BETWEEN ORDINANCE B AND MEASURE H

There are three major differences between Ordinance B, the proposed developer ban, and Measure H, our existing contractor ban. All of these provisions are included in Ordinance A, as proposed by the Ethics Commission and drafted by the City Attorney.

1. Subcontractors

Measure H prohibits contributions from major subcontractors (those expected to receive over \$100k). Ordinance B fails to include subcontractors, which presents a glaring opportunity for circumvention. As we've seen in a number of LA based corruption scandals, developers often contribute to candidates in tandem with their subcontractors.

2. Fundraising

City Contractors face a number of fundraising restrictions under Measure H, none of which are reflected in Ordinance B. Banning a developer from making contributions, while placing no limitations on their ability to fundraise for candidates undermines the purpose of a ban.

3. All Candidate Committees

Measure H unambiguously extends contribution and fundraising restrictions to *all* city controlled committees (including ballot measure, legal defense, and recall committees). Ordinance B contains additional language which leaves the exact scope of the ban unclear.¹ It appears to plainly read as applying solely to city controlled committees *for elected office*.

As drafted, Ordinance B would still allow developers to try to curry favor with candidates by fundraising for them without restriction and by having their major subcontractors contribute directly to candidates. Those loopholes are just too big to be considered real reform.

DISCLOSURE OF BEHESTED PAYMENTS

In November the Rules Committee decided not to advance Ordinance C, which would lower the disclosure threshold for behested payments to \$1k, and bar elected officials from soliciting behested payments from restricted sources (developers, contractors, and lobbyists). We agree with Ethics Commissioner Ordin's recommendation that Council adopt the lower disclosure thresholds now, and review additional options in the future. This would be a common sense step forward for transparency, and help inform future policy decisions.

NON-INDIVIDUALS

While interest amongst council in humans-only contribution model has waned we believe it is still important for council to, at a minimum, request the preparation of an ordinance banning contributions from corporations, LLCs, and LLPs as New York City and San Francisco have. In addition to offering enforcement clarity to campaigns, the ethics commission, and the public it would enhance the enforceability of a ban on contributions from developers.

¹ The exact text from Ordinance B provides "A restricted developer or principal shall not make a contribution to the Mayor, City Attorney, member of City Council, or a candidate or a City controlled committee *for these elected City offices* [emphasis added]."

CONCLUSION

This November marked the 30th anniversary of the Cowan Commission's Report, which led to the creation of our modern ethics code, the Ethics Commission, and our public matching funds program amongst a number of other reforms. Our leaders rose to the occasion and within three months held nearly a dozen meetings, went through multiple revisions, and had a charter amendment ready for voters. It took our current City Attorney four months to simply draft the requested ordinances. While this council has had three hearings over the last eleven months on our current reforms, John Ferraro's City Council had six hearings on their reforms in a single month. They advanced a comprehensive and well thought out package for the voters to consider.

After all this delay it's perplexing to see the Rules Committee advance an ordinance that does not resemble the basic standard proposed in the original motion, modeling a developer ban after Measure H. The Rules Committee advanced Ordinance B with no discussion on its contents, whether it resembled Measure H, or what components from Ordinance A could be incorporated to ensure it is consistent with Measure H. We encourage the full council to ensure these significant shortcomings are addressed and implemented in advance of the fundraising period for the 2022 primaries.

Passing Ordinance B as drafted would be worse than not passing anything at all. It has gaping loopholes for developer contributions and fundraising that are likely to make Angelenos even more distrustful of city government as it purports to limit developer influence while continuing politics as usual. That is why we must strongly oppose Ordinance B unless it is amended to live up to the standards overwhelmingly approved by the voters of Los Angeles.