

June 18, 2021

The Honorable City Council  
c/o Holly Wolcott, City Clerk  
200 North Spring Street  
City Hall—3rd Floor  
Los Angeles, CA 90012

**Re: Technical Updates to the Campaign Finance Ordinance**  
***FOR COUNCIL CONSIDERATION***

Dear Councilmembers:

On June 16, 2021, the Ethics Commission voted unanimously to approve various technical updates to the Campaign Finance Ordinance (CFO) for the purposes of clarification and consistency. The Ethics Commission urges you to adopt the recommendations identified below in Section B.

**A. Background**

Under Los Angeles City Charter (Charter) § 702, the Ethics Commission is responsible for the impartial and effective administration of the City laws pertaining to campaign finance, lobbying, ethics, and conflicts of interest. As such, the Ethics Commission routinely reviews and revises those laws to improve their clarity and effectiveness.

This was done most recently at the Ethics Commission's December 2020 meeting, when the Ethics Commission approved a series of technical updates concerning campaign filing schedules, post-election fundraising, and officeholder committees. Those updates have been referred to the Rules, Elections, and Intergovernmental Relations Committee. *See* Council File No. 12-1269-S7. The updates recommended below will further improve the clarity of the CFO and resolve minor language inconsistencies.

**B. Approved Updates**

*1. Aggregate Contributions*

In order to prevent circumvention of the campaign contribution limits, the CFO establishes rules concerning the scenarios in which contributions from two or more sources must be aggregated. Los Angeles Municipal Code (LAMC) § 49.7.4. Contributions from multiple sources are aggregated and considered to be made by a

single person when those sources are related in certain ways. A common example is an individual and that individual's sole proprietorship.

The CFO currently requires the aggregation of contributions by "[t]wo persons when one controls the other's contribution activity." LAMC § 49.7.4(A). Under state law, "person" includes any individual, business, committee, organization, or group of persons acting in concert. California Government Code § 82047. The Ethics Commission recommends making the change below to clarify that this provision is intended to cover situations where one person is controlling the activity of *both* persons, and does not include situations where a third person is controlling the activity of a person controlling the activity of another.

**LAMC § 49.7.4. AGGREGATION OF CONTRIBUTIONS AND EXPENDITURES.**

For purposes of the limitations, prohibitions, and requirements contained in Charter Section 470 and this Article, contributions and expenditures from the following sets of persons will be aggregated and considered to be made by a single person. An aggregated contribution may not exceed the lowest contribution allowed for either person:

- A. Two persons when one controls the ~~other's~~ contribution activity of both such persons.

2. Electronic Contributions

The CFO permits contributors to make contributions via SMS, MMS, or text messaging technology. LAMC § 49.7.6(A). City equipment may not be used for making these contributions. LAMC § 49.7.6(C). The widespread adoption of increasingly diverse digital fundraising tools has made making political contributions possible anywhere an internet connection is available. As a result, the Ethics Commission recommends adding catchall language to section 49.7.6 to clarify that it applies to contributions made through any electronic medium.

**LAMC § 49.7.6. ~~TEXT MESSAGE~~DIGITAL CONTRIBUTIONS.**

- A. A contribution may be made via short message service (SMS), multimedia messaging service (MMS), or other ~~similar text messaging~~ digital technology.
- B. The following apply to a contribution made via SMS, MMS, or ~~text messaging~~ other digital technology:

...

C. City equipment may not be used to make a contribution via SMS, MMS, or ~~text messaging~~ other digital technology.

### 3. Expenditure Ceilings

In order to participate in the City's matching funds program, a candidate is required to meet certain criteria and follow certain rules. For example, participating candidates must agree in writing not to spend more than a predetermined amount of money on their campaigns. LAMC § 49.7.23(C)(6).

The Ethics Commission recommends the minor phrasing adjustment below to clarify that the purpose of the rule is actually adhering to the expenditure ceiling, rather than simply agreeing to do so. Similar language is currently used for other qualification criteria, such as not lending more than a set amount of money to their campaigns, participating in a debate or town hall meeting, and not using matching funds money improperly. LAMC §§ 49.7.23(C)(5), (6), (10), (11).

#### **LAMC § 49.7.23. PARTICIPATION AND QUALIFICATION REQUIREMENTS.**

C. Qualification means that a participating candidate has met all of the following requirements:

...

(6) The candidate ~~agrees in writing~~ does not ~~to~~ exceed the applicable expenditure ceiling.

### 4. Disclosure of Communications

When 200 or more copies of a communication for a campaign, officeholder, or legal defense committee are distributed, a copy of that communication must be filed with the Ethics Commission within certain time frames. LAMC § 49.7.23(A), (B). Those communications are made available to the public in all relevant formats through a searchable database on the Ethics Commission's website.

In the months immediately preceding an election, copies of those communications must be filed within 24 hours of making or incurring expenditures for those communications. LAMC § 49.7.23(B)(1). However, outside of that time frame, copies must be filed within five business days after the communication is first distributed. LAMC § 49.7.23(B)(2). To ensure consistency in these filing requirements, the Ethics Commission recommends requiring that communications made in the months preceding an election be disclosed within 24 hours of first distribution.

**LAMC § 49.7.32. DISCLOSURE OF CAMPAIGN, OFFICEHOLDER, AND LEGAL DEFENSE COMMUNICATIONS.**

B. The copy shall be filed within the following time frames:

1. From the first date an individual may file a Declaration of Intention to Become a Candidate with the City Clerk through the date of the associated general election, or during the 90 days prior to an election if no City candidate will be on the ballot, within 24 hours after ~~making or incurring first distributing~~ the expenditures communication.

5. *Disclaimers on Political Communications*

Both the City and the state require certain political communications to include disclaimers that provide the viewer with information about the person or persons paying for the communication. Current City law requires a person making a campaign, officeholder, legal defense, or independent expenditure communication include the phrase “Additional information is available at ethics.lacity.org” in the disclaimer. LAMC §§ 49.7.33(A)(2), (B)(4), (C)(3).

State law requires the phrase “Funding details at fppc.ca.gov” on certain communications made by state committees that raise over \$1,000,000. The purpose of both statements is to direct viewers to the agencies that house financial data reported by candidates and committees regarding their efforts to influence elections.

However, the Ethics Commission has found that it can be challenging for candidates and committees to comply with both state and City disclaimer requirements when they both apply. This can be challenging in terms of wording and also in terms of the space available in a particular communication. To limit the space required for the disclaimer text and to harmonize the City’s required language with the state’s, the Ethics Commission recommends making the following changes.

**LAMC § 49.7.33. DISCLAIMERS ON POLITICAL COMMUNICATIONS.**

- A. A person shall incorporate the following statements in a campaign, officeholder, or legal defense communication:
  2. ~~“Additional information is available~~ Funding details at ethics.lacity.org.” A substantially similar statement that specifies the web site may be used as an alternative in audio communications.

...

- B. A committee making an independent expenditure communication under Section 49.7.31(A)(1) or 49.7.31(A)(2) shall incorporate the following statements:
4. ~~“Additional information is available~~ Funding details at ethics.lacity.org.” A substantially similar statement that specifies the Web site may be used as an alternative in audio communications.
- ...
- C. A person making an independent expenditure communication under Section 49.7.31(A)(2)(b) shall incorporate the following statements:
3. ~~“Additional information is available~~ Funding details at ethics.lacity.org.” A substantially similar statement that specifies the Web site may be used as an alternative in audio communications.

## 6. General Language Cleanup

The CFO has been amended several times since its initial adoption more than three decades ago. The Ethics Commission recommends making several minor, non-substantive changes to language that has become inconsistent during previous amendments.

First, the Ethics Commission recommends harmonizing the stylization of the word “website.” Multiple formats, including “web site,” “Website,” “website,” and “Web site” are used throughout the CFO. The non-conforming uses currently appear in LAMC §§ 49.7.33(A)(2), (B)(4), (C)(3), (E)(2) and 49.7.34(B), and the Ethics Commission recommends that they all be converted to “website.” Similarly, the Ethics Commission recommends converting the phrase “Web logs” to “weblogs” in the definition of “communication.” LAMC § 49.7.2(F).

The Ethics Commission also recommends that the phrase “working days” in LAMC § 49.7.11(B)(2)(b) be changed to “business days” to conform with other uses in the CFO. Finally, the Ethics Commission recommends clarifying that a copy of a loan agreement, rather than the original, must be filed with the campaign statement on which it first appears.

### **LAMC § 49.7.9. LOANS AND CREDIT.**

- B. A loan to a candidate or a City controlled committee shall be by written agreement, and a copy of the agreement shall be filed with the campaign statement on which the loan is first reported.

## **C. Conclusion**

To continue improving the function, consistency, and clarity of the City's campaign finance laws, the Ethics Commission recommends making the updates specified in Section B.

We would be happy to discuss these recommendations and the recommendations in Council File No. 12-1269-S7 with you at any time. If you have questions, please do not hesitate to contact me or Policy Director Tyler Joseph.

Sincerely,



David Tristan  
Executive Director

