

Your Community Impact Statement has been successfully submitted to City Council and Committees.

If you have questions and/or concerns, please contact the Department of Neighborhood Empowerment at [NCsupport@lacity.org](mailto:NCsupport@lacity.org).

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#### Contact Information

Neighborhood Council: Mid-City Neighborhood Council

Name: Jennifer Goodie

Phone Number:

Email: [j.goodie@mincla.org](mailto:j.goodie@mincla.org)

The Board approved this CIS by a vote of: Yea(9) Nay(0) Abstain(0) Ineligible(0) Recusal(0)

Date of NC Board Action: 03/15/2023

Type of NC Board Action: Against unless Amended

#### Impact Information

Date: 03/17/2023

Update to a Previous Input: No

Directed To: City Council and Committees

Council File Number: 22-0560

Agenda Date:

Item Number:

Summary: Please see attached for our full statement. The Mid-City Neighborhood Council objects to the exemptions being considered in the Municipal Lobbying Ordinance for 501(c)(3)s and 501(c)(5)s. It is colluding with these special interests that has brought unparalleled shame and corruption to the halls of City Government in Los Angeles and made us an international punchline to jokes about political corruption and rot. For the so-called “reformers” to be promising transparency to the public out of one side of their mouths while bargaining with these organizations out the other is unconscionable. Councilmember Krekorian calls his work on LA governance reforms “the responsibility of a lifetime,” but we have to question his commitment to actually bringing about meaningful and positive change with these exemptions on the table. What will his legacy be? The man that cleaned up City Hall? Or someone that just continued the corruption of previous Councils, but under the guise of following the rules? If we had known you’d produce an MLO more loophole laden than the last, we would have preferred it sit in committee for another three decades. It is not the Mid-City Neighborhood Council’s opinion that all Non-Profit organizations and Labor unions are bad, in fact we enjoy a supportive and collaborative relationship with many. This is not a war against lobbying. Lobbying has its place, but Angelenos deserve transparency and ethics. The City has a black eye and the response should be commensurate with the scope of our problems. The proposed wide ranging exemptions for special interests represent exactly the kind of corruption that Neighborhood Councils have been so enraged by. That the LA City Council would bend to the whims of some of the most powerful players in LA politics while framing themselves as protecting the common Angeleno should be surprising, but it is not. It’s what we’ve come to expect. We dare you to prove us wrong.

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**MINC®**  
P.O. Box 78642  
Los Angeles, CA 90016  
**(323) 732-5085**  
[info@mincla.org](mailto:info@mincla.org)  
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Honorable Members of the Los Angeles City Council  
Honorable Members of the Board of Neighborhood Commissioners  
Honorable Members of the City Ethics Commission

**RE: Municipal Lobbying Ordinance Updates  
CF 22-0560**

The Mid-City Neighborhood Council objects to the exemptions being considered in the Municipal Lobbying Ordinance for 501(c)(3)s and 501(c)(5)s. It is [colluding with these special interests that has brought unparalleled shame and corruption<sup>\[1\]</sup> to the halls of City Government in Los Angeles<sup>\[2\]</sup>](#) and made us an [international punchline<sup>\[3\]</sup>](#) to jokes about political corruption and rot. For the so-called “reformers” to be promising transparency to the public out of one side of their mouths while bargaining with these organizations out the other is unconscionable. Councilmember Krekorian calls his work on LA governance reforms “[the responsibility of a lifetime<sup>\[4\]</sup>](#),” but we have to question his commitment to actually bringing about meaningful and positive change with these exemptions on the table. What will his legacy be? The man that cleaned up City Hall? Or someone that just continued the corruption of previous Councils, but under the guise of following the rules? If we had known you’d produce an MLO more loophole laden than the last, we would have preferred it sit in committee for another three decades.

We were shocked to see [Councilmember Raman even going so far as to crow about accepting an award from one of these groups<sup>\[5\]</sup>](#) while they are actively lobbying her for exemptions. Were the optics of that lost on her? That this behavior is normalized at City Hall is the problem.

It confounds us that the LA County Federation of Labor, [literally caught on tape as a bad actor<sup>\[6\]</sup>](#), would have the audacity to push for exemptions and that Councilmembers purporting to fight for transparency and the public good would entertain their requests. Ron Herrera was not the cause of the problems at the Fed, but rather a symptom of the rot in LA politics, and [his resignation<sup>\[7\]</sup>](#) does not magically absolve all involved of wrongdoing, nor does it prevent future bad acts. We implore Councilmember Hutt to remember [how she felt when she heard her name](#)

[on the Fed tapes](#)<sup>[8]</sup> and the cloud that has brought over her term of service when considering her stance on these exemptions.

It is not the Mid-City Neighborhood Council's opinion that all Non-Profit organizations and Labor unions are bad, in fact we enjoy a supportive and collaborative relationship with many. However it would be naive to believe that the bad apples among the bunch will not take advantage of any loopholes allowed. One only has to look at recent examples. We have former Councilmembers [in jail](#)<sup>[9]</sup> or [awaiting sentencing](#)<sup>[10]</sup> over their entanglements with lobbyists, [while others are on trial](#)<sup>[11]</sup>. The LA Times has recently reported that [disgraced Councilmember de Leon](#)<sup>[12]</sup> [was an unregistered lobbyist](#)<sup>[13]</sup> while a Councilmember-elect and has since failed to recuse himself on matters he had no ethical right voting on. How many more of you have skeletons in your closets? How many are involved in FBI investigations? How far will this corruption grow without the sunshine of transparency allowed to snuff it out?

The proposed 501(c)(5) exemptions do not meet the needs of our beleaguered City and do nothing to promote the public interest, nor our faith in you as our leaders. [The current MLO](#)<sup>[14]</sup> already allows a tailored exemption for labor unions negotiating their contract with the city so long as a member of the city council or their staff are not in attendance. The proposed 501(c)(5) exemption would exempt all activity including that which has nothing to do with their contracts and would exempt labor unions who do not have a contract or proposed contract with the City. The [LAPPL](#)<sup>[15]</sup> and [LA Fed](#)<sup>[16]</sup> are already two of the most [powerful](#)<sup>[17]</sup> [entities](#)<sup>[18]</sup> in LA City politics, they [do not need your help](#)<sup>[19]</sup>. A review of the top 20 most populous US cities' and the top 10 CA cities' lobbying laws can find no exemption similar to what is being proposed by Councilmember Krekorian. Those that do have a labor union exemption show that it is carefully tailored around contract negotiation or employee representation and is not nearly as broad as what LA City is suggesting. Labor has the resources and staff to navigate the lobbying rules.

The proposal for 501(c)(3)s would not exempt truly small non-profits from reporting duties, which the majority (32) of neighborhood councils filing CISEs have advocated for. When looking at other cities, 501(c)(3) exemptions are the exception, not the rule. [Chicago, in 2019, reversed their non-profit exemption](#)<sup>[20]</sup> [unanimously](#)<sup>[21]</sup>. [Long Beach is currently discussing limiting their non-profit exemption to non-profits which make \\$50k in revenue or less a year](#)<sup>[22]</sup>. [San Jose has a non-profit exemption and one non-profit \(Silicon Valley Leadership Group\) is notorious for using that non-profit to advocate for the positions of the spouse of the CEO, who just so happens to be a registered lobbyist herself for large businesses](#)<sup>[23]</sup>.

We have already seen non-profits used as a front for big business interests in both LA and other cities when corporations offer a grant or donation in exchange for the lobbying efforts of that charity. One such example can be seen when [ComEd gave grants to charities who then advocated positions of the utility giant which hurt ratepayers](#)<sup>[24]</sup>. Non-profits are already allowed a significant amount of exempt lobbying activity. For example a non-profit with \$500k in expenditures can spend up to \$100k lobbying and those with \$2M in expenditures can spend up to \$250k. In addition, the non-profit would still have to have \$5k of staff labor lobbying before falling under the MLO. Reaching out on certain topics incidentally would not be considered lobbying, which provides protection from reporting requirements. Exclusive of some narrow

exemptions, non-profits are CURRENTLY not exempt from the MLO, so why are we, [a City with an alarming current track-record for corruption](#)<sup>[25]</sup>, opening up loopholes?

City council should not be attempting to create a system in which lobbyists can give them gifts and donations, and bundle donations with no further reporting. This is indefensible given the LA Fed's role in the leaked Fed tapes in which they [conspired \(lobbied\) to rig our districts](#)<sup>[26]</sup> and disempower the working class voices they so ardently claim to represent.

The argument that lobbyists should be able to be appointed to commissions sets the City up for Government Code 1090 violations as you can only serve one master. State code would still apply and a duty to recuse would still apply in the case of conflict of interest. We strongly feel that those whose primary duty is lobbying for their employer do not have a place on commissions and must be treated as lobbyists. [We are tired of commissions full of double dealing political appointees](#)<sup>[27]</sup>. Are you really trying to make the argument that in a City as richly diverse, talented, and experienced as Los Angeles, lobbyists are the only option for qualified commissioners? Would it be okay for a lobbyist to be on the Ethics Commission? [We already know the LA Fed was pulling the strings on redistricting](#)<sup>[28]</sup>, maybe the transparency you desire is them openly sitting on the commission?

This is not a war against lobbying. Lobbying has its place, but Angelenos deserve transparency and ethics. The City has a black eye and the response should be commensurate with [the scope](#)<sup>[29]</sup> of our problems. The proposed wide ranging exemptions for special interests represent exactly the kind of corruption that Neighborhood Councils have been so enraged by. That the LA City Council would bend to the whims of some of the most powerful players in LA politics while framing themselves as protecting the common Angeleno should be surprising, but it is not. It's what we've come to expect. We dare you to prove us wrong.

Thank you for your consideration of this topic,

Mid-City Neighborhood Council

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