

CONTRIBUTOR GUIDE

2023 Election

2023 Contributor Guide

This is an overview of campaign finance laws that apply to contributors in CD 6 Special Election in the City of Los Angeles (City). The Ethics Commission is always happy to provide specific guidance regarding your contributions or other campaign activity.

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The campaign finance laws that govern City elections (and are referred to in this guide) include the following:

City

Los Angeles City Charter (Charter) §§ 470, 609(e), 803
Los Angeles Municipal Code (LAMC) §§ 49.5.1 *et seq.*
Los Angeles Administrative Code (LAAC) §§ 24.31 *et seq.*

State

California Penal Code (Cal. Pen. Code) § 85

Political Reform Act of 1974:

California Government Code (Cal. Gov't Code) §§ 81000 *et seq.*; and
California Code of Regulations, Title 2 (2 Cal. Code Regs.) §§ 18109 *et seq.*

Federal

United States Code, Title 52 (52 U.S. Code) §§ 30118(a), 30121(a)
Code of Federal Regulations, Title 11 (11 CFR) § 110.20

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Chapter One Contributions

A contribution is a **monetary** payment made or **non-monetary** (in-kind) goods or services given to a candidate or committee for which you do not receive consideration of equal or greater value in return.¹

In addition to cash, monetary contributions also include checks, credit card payments, electronic transfers, loans, and enforceable promises to make payments.

Examples of non-monetary contributions include food or beverages for a fundraising event, donated printing services, the reproduction or distribution of materials produced by a candidate, a discount or rebate not extended to the general public, and cryptocurrency contributions. You must provide written documentation of the value of non-monetary contributions of \$100 or more when requested by the recipient.² We encourage you to retain detailed records concerning non-monetary contributions.

Contributions do **not** include the following:

- Volunteer personal time or services, unless you are an employer who pays an employee to spend more than 10 percent of the employee's compensated time in a month rendering services for political purposes; or
- A fundraising event that is held in your home or office, that you pay for, and that costs, in total, \$500 or less. This exception does not apply to lobbyists and their cohabitants or to lobbying firms.

¹ Cal. Gov't Code § 82015.

² Cal. Gov't Code § 84300(d).

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Chapter Two Contributors

Any person may be a contributor. State law defines a person as an individual, a business, or any other type of entity.³

Contributions from spouses are treated as separate contributions.⁴ Contributions from children under the age of 18 are presumed to be contributions from their parents and are attributed one-half to each parent or entirely to a single custodial parent.⁵

In some circumstances, contributions from two or more persons must be “aggregated” and treated as having been made by a single person.⁶ In the table below, contributions from a person in Column A must be **aggregated** with the corresponding person in Column B:

Column A	+	Column B
A person	+	Another person who controls the first person’s contribution activity.
A business entity	+	A person who participates in the business entity’s decision to make a contribution, is personally prohibited from making the contribution, and holds an ownership interest in the business entity of at least 20%.
A committee	+	A person who participates in the committee’s decision to make a contribution, is personally prohibited from making the contribution, and provides (alone or in conjunction with other similarly prohibited persons) at least 20% of the committee’s funding.

(continued on following page)

3 Cal. Gov’t Code § 82047.
 4 LAMC § 49.7.5(A), Charter § 803(o).
 5 LAMC § 49.7.5(B), Charter § 803(o).
 6 LAMC § 49.7.4, Charter § 803(n).

Chapter Two - Contributors

Column A	+	Column B
A sponsored committee	+	Its sponsoring organization (see Gov't Code § 82048.7).
An entity	+	Another entity that shares a majority of the first entity's board of directors.
An entity	+	Another entity that shares a majority of the first entity's officers (excluding officers who serve only as board members).
A corporation or LLC	+	Another corporation or LLC that shares the same majority shareholders or members as or holds a majority of the voting rights in the first corporation or LLC.
A corporation	+	Another corporation in a parent-subsidary relationship with the first corporation, if at least one of the corporations is not publicly traded.
An individual	+	A corporation, LLC, firm, joint venture, syndicate, business trust, company, or other business entity (other than a sole proprietorship or a general or limited partnership), in which the individual owns an investment of at least 50% or holds a majority of the voting rights.
An individual	+	A sole proprietorship owned by the individual.
A general partner	+	A general or limited partnership in which the general partner owns an investment of at least 50% or holds a majority of the voting rights.

The total amount in contributions from aggregated persons is subject to the lowest applicable contribution limit. If one person is prohibited from making a contribution, then all persons aggregated with that person are also prohibited.

A campaign or a member of the Ethics Commission staff may contact you during or after an election and ask you to complete a written form that helps them determine whether they must aggregate your contribution with another person's contribution.

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Chapter Three Contributor Limits

A. CAMPAIGN COMMITTEES

City law limits the amount that a single person may contribute to a single candidate in a single election. A primary and a general are considered separate elections. The contribution limits are adjusted periodically to reflect changes in the Consumer Price Index, and the Ethics Commission publishes updated limits every March at ethics.lacity.org/publications/#campaigns.⁷ The limits that apply to an election are those that are published most recently *prior to the opening of the fundraising window*. The limits for the 2023 elections are identified in the table below.

Per-Person Contribution Limits 2023 CD6 Special Elections	
Office	Per-Election Limit
City Council	\$900
LAUSD	\$1,300

Example:

You contribute \$900 to City Council Candidate Juniper’s campaign committee in the primary election. If Candidate Juniper advances to the general election, you may contribute another \$900 to her general election committee.

Example:

You contribute \$900 to City Candidate Cedar’s primary election committee. After the election, Candidate Cedar holds a fundraiser to retire campaign debt from his primary election. You may not make any additional contributions because you have already contributed the maximum allowed for the primary election.

⁷ LAMC § 49.7.3.

B. OFFICEHOLDER AND LEGAL DEFENSE COMMITTEES

Similar limits apply to the amount that a person may give to a City officeholder or legal defense committee on a fiscal-year basis. The City's fiscal year begins on July 1 and ends on June 30.

Per-Person Contribution Limits Fiscal Year 2022-23	
City Committee	Fiscal-Year Limit
Officeholder (City Council)	\$900
Officeholder (Mayor, City Attorney, Controller)	\$1,700
Legal Defense (any City candidate/officeholder)	\$1,700

The City does not govern these types of committees for LAUSD, unless they are used to retire campaign debt. In that case, the LAUSD campaign contribution limit applies.

Example:

Candidate Sequoia was recently elected to the City Council. You contributed \$800 to his primary campaign and \$900 to his general campaign. Upon being sworn in, Councilmember Sequoia opened an officeholder committee to pay for expenses related to carrying out the duties of his office. You may contribute up to \$900 per fiscal year to Councilmember Sequoia's officeholder committee.

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Chapter Four Prohibited Contributions

Contributions are prohibited when made under certain circumstances or by certain contributors. z

Prohibited Contributions City Elections	
Money Laundering	You cannot make a contribution in someone else's name, reimburse someone for a contribution, or be reimbursed for a contribution made in your name.
Quid Pro Quo	You cannot make or offer to make a political contribution in exchange for an official action.
City Buildings	You cannot make or deliver a contribution in City Hall, a room or building that the City owns, or a room or building that the City pays for or uses that is occupied by a City official or employee in the discharge of City duties. This does not apply to a City room or building that is available to the public for organized campaign activities, unless it violates the City law regarding the misuse of City positions or resources. A contribution sent by mail is not prohibited if it is forwarded to the candidate, the candidate's treasurer, or the candidate's committee within seven business days.
City Employees	Candidates for City office cannot knowingly solicit contributions from City officers or employees, including commissioners, except in very limited scenarios.

Footnotes^{8, 9, 10, 11}

8 Money Laundering: Charter § 470(k); Cal. Gov't Code § 84301.

9 Quid Pro Quo: LAMC § 49.5.5(C); Cal. Pen. Code § 85.

10 City Buildings: LAMC § 49.7.11(B)(2); LAMC § 49.7.11(B)(2)(a); LAMC § 49.7.11(B)(2)(b).

11 City Employees: Cal. Gov't Code § 3205; LAMC § 49.7.11(B)(1).

Chapter Four - Prohibited Contributions

Prohibited Contributions City Elections	
Foreign National	Federal law prohibits foreign nationals from contributing to political campaigns. This applies to a person who is not a citizen of the United States of America, a person who does not have legal permanent residency status, a foreign corporation or partnership, and an organization that has a foreign country as its principal place of business. A U.S. subsidiary of a foreign or U.S. corporation that is owned by a foreign national also may be prohibited from making contributions. California law also prohibits foreign nationals from making contributions or expenditures in connection with any local ballot measure.
National Bank or Federal Corporation	Federal law prohibits national banks and federal corporations from contributing to political campaigns.
Lobbyist or Lobbying Firm	A lobbyist or lobbying firm is prohibited from making a contribution to a City candidate if the lobbyist or lobbying firm is registered or required to be registered to lobby either the office the candidate seeks or the candidate's current City agency.
Bidder or Contractor	City bidders, contractors, subcontractors, underwriters, and principals associated with certain contracts valued at \$100,000 or more are prohibited from making campaign contributions to and engaging in prohibited fundraising for certain City candidates and officeholders.
Developer	Restricted developers and principals associated with an application for a significant planning entitlement (as defined by law) are prohibited from making contributions to City candidates and officeholders.

Footnotes^{12, 13, 14, 15, 16}

You should never be coerced into making a political contribution. If you are pressured or threatened, if you believe that you will receive an impermissible benefit in exchange for your contribution, or if you are asked to make a prohibited contribution, please contact the Ethics Commission.

12 Foreign National: 52 U.S. Code § 30121(a); 11 CFR § 110.20; Cal. Gov't Code § 85320.

13 National Bank or Federal Corporation: 52 U.S. Code § 30118(a).

14 Lobbyist or Lobbying Firm: Charter § 470(c)(11).

15 Bidder or Contractor: Charter §§ 470(c)(12), 609(e); LAMC §§ 49.7.35, 49.7.36.

16 Developer: LAMC § 49.7.37.

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Chapter Five Fundraising Windows

The 2023 CD 6 Special primary election is scheduled for April 4, and the general election is scheduled for June 27.

Candidates cannot begin to solicit or receive campaign contributions until the fundraising window opens. The fundraising window for the 2023 CD 6 Special election will open on **November 2, 2022**.

The fundraising window remains open for 12 months after the general election.²³

Post-election contributions may only be used to retire campaign debt. Contribution limits and prohibitions apply to all campaign fundraising and debt.

Example:

You make a \$500 contribution to the general election campaign of City Council Candidate Redwood. After the election, Councilmember Redwood continues to raise funds to pay off campaign debt incurred during the general election. Because the per-person contribution limit is \$900 per election, you may contribute up to \$400 to Councilmember Redwood's campaign committee until 12 months after the election.

²³ LAMC § 49.7.10(C).

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Chapter Six Contribution Methods

You may make contributions using any of the methods described below. We encourage you to retain documentation of your contributions.

- **Cash.** You may not make a cash contribution of more than **\$30 per candidate, per election.**²⁵

Example:

Multiple candidates are running for City Council District 12 in the 2023 CD 6 Special election. You may contribute \$30 in cash to each candidate running in the primary. If no one wins in the primary, you may again contribute \$30 in cash to each candidate who advances to the general election.

- **Cashier's check or money order.** Cashier's checks and money orders may only be used to make contributions totaling **\$99.99 or less.**²⁶
- **Checking account.** A contribution made by check may only be attributed to a person whose name is imprinted on the check. If a check has the name of more than one individual imprinted on it, the contribution will be attributed to the individual who signs it, unless a document stating otherwise accompanies the check and is signed by every individual to whom the contribution is being attributed. If more than one individual whose name is imprinted on the check signs it, the contribution will be attributed to each signer equally, unless a document stating otherwise accompanies the check and is signed by every individual who signed the check.²⁷

²⁵ Charter §§ 470(d), 803(d).

²⁶ Cal. Gov't Code § 84300(c).

²⁷ 2 Cal. Code Regs. § 18533(a).

- **Credit card.** If you contribute by credit card, you must disclose to the campaign committee whether you are making the contribution with a personal or business credit card.

Example:

You contribute \$800 via credit card to City Council Candidate Aspen's general election committee. You inform the campaign that your contribution is being made with the business credit card used by your sole proprietorship. Because of the \$900 per-person contribution limit—and the fact that contributions from you and your sole proprietorship must be aggregated—additional contributions from you and your sole proprietorship to Candidate Aspen's general election committee may not exceed \$100 in total.

- **Text message.** You may not make a contribution of more than **\$30 per candidate, per election** to a City candidate via short message service, multimedia messaging service, or another digital messaging technology.²⁸
- **Cryptocurrency.** You may make an in-kind contribution of cryptocurrency as long as certain criteria are met.²⁹ The contribution must be made through a United States-based cryptocurrency payment processor that is registered with the U.S. Department of Treasury, Financial Crimes Enforcement Network and does all of the following:
 - Has KYC procedures that enable it to know your identity;
 - Collects your name, address, occupation, and employer and transmits the information to the campaign within 24 hours (see next section for details about this information); and
 - Immediately converts the contribution to dollars and deposits the funds with the campaign within two business days.

Because cryptocurrency is considered an in-kind (non-monetary) contribution, City candidates cannot use them to qualify for or receive matching funds.

²⁸ LAMC § 49.7.6(B)(2).

²⁹ 2 Cal. Code Regs. § 18421.2.

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Chapter Seven Contributor Information

Campaigns are required to collect information from you every time you make a contribution. Your contribution cannot be deposited into the campaign checking account until the campaign has obtained the following information from you:³⁰

A. NAME

This must be your own legal name.

B. ADDRESS

This must include street address and unit number (if applicable), city, state, and zip code. A post office box or business service center box may not be used. Your residence address is required for matching funds purposes (see below).

C. JOB TITLE AND EMPLOYER

A professional field (sales, education, entertainment, software, etc.) does not qualify as a job title. If you are retired or a homemaker, you may identify that as your job title. If you are self-employed, you must include the name of your business. It is not sufficient to report yourself as “self-employed.”

Example:

You are a tutor who owns a business called A+ Tutoring Services, and you make a contribution to City Council Candidate Oak. You may identify yourself to Candidate Oak’s campaign as a tutor, teacher, educator, or similar title who is employed by A+ Tutoring Service. You may not list your job title as “education” or “teaching,” and you may not list your title or employer as “self-employed.”

³⁰ Charter § 803(r)(2); LAMC § 49.7.16(A).

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Chapter Eight Contributor Certification

In addition to the information above, City campaigns are required to obtain a certification that the contribution complies with the law.³¹ For every City contribution, you will be asked to certify the following under penalty of perjury:

- The information regarding address, job title, and employer is correct;
- Whether the contribution is being made with business or personal funds;
- Whether the address is the contributor's residence address (for individuals);
- The contribution is not being made under a false name;
- The contribution is not being made under someone else's name;
- The contribution does not cause you to cumulatively or in the aggregate exceed the applicable contribution limit;
- The contribution has not been and will not be reimbursed;
- The contribution is from a United States citizen or a lawfully admitted permanent resident;
- 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; and
- The contribution is not from a restricted developer or principal.

³¹ LAMC § 49.7.16(B).

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Chapter Nine Matching Funds

The City administers a matching funds program to help qualified candidates finance their campaigns without having to rely on large contributions or excessive fundraising.

Candidates must meet specific qualification criteria before they are eligible to receive public funding. These criteria include raising a threshold amount of qualified monetary contributions from individuals residing in the City and receiving contributions of at least \$5 from 100 individuals residing in the City or, for City Council candidates, the council district.³²

For the 2023 CD 6 Special elections, **up to \$129 per contributor** may be matched for City Council candidates.³³ Qualified contributions are matched at a **6-to-1 rate**, which means that the City will provide \$774 as a match to a qualified contribution of \$129 or more.

To use your contribution for matching funds purposes, a campaign must obtain your residence address and your contributor certification.³⁴

Example:

Candidate Birch is running for City Council in your district and is participating in the matching funds program. You make a qualified contribution of \$100 to Candidate Birch's campaign. You inform the committee of your residence address, and you give the committee a signed contributor certification. The City provides Candidate Birch with \$600 in public funds as a match to your contribution.

Example:

Same scenario as above, except your contribution is \$500. The City provides Candidate Birch with \$774 in public funds as a match to your contribution because the program matches up to \$129 per qualified contributor for City Council candidates.

³² LAMC § 49.7.23(C)(2).

³³ LAMC § 49.7.23(C)(1).

³⁴ LAAC § 24.32(b)(2)(A).

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Chapter Ten Miscellaneous

There are other laws that may affect you as a contributor. If any of the following apply to you, please contact the Ethics Commission for guidance.

A. Major Donor

If your contributions to state and local candidates total \$10,000 or more in a calendar year, you must file a Major Donor Committee Campaign Statement (California Form 461). The deadline and filing method depends on the types and timing of contributions you have made.³⁵ Once you become a major donor, you may be required to file a 24-hour/10-day Contribution Report (California Form 497) within 24 hours if you make contributions totaling \$1,000 or more to a single candidate on the date of or in the 90 days before an election.³⁶

B. Independent Expenditures

You may spend your own money independently of a candidate in an attempt to influence an election. However, if you make or incur an expense at the behest of or in coordination with a candidate, you have made a non-monetary contribution that is subject to contribution limits.³⁷ If you make an independent expenditure, you are required to disclose your activity by filing an Independent Expenditure Communication Notification (Form 57)³⁸ and a 24-hour Independent Expenditure Report (California Form 496). If you make an independent expenditure on the date of or in the 90 days before an election, both forms must be filed within 24 hours.³⁹ In addition, you must include specific disclaimers in your political communications and file copies of your communications with the Ethics Commission.⁴⁰

C. Gifts

If you intend to give a gift to a City candidate, you may be subject to limits, depending on your relationship to the recipient and the value of the gift.

³⁵ 2 Cal. Code Regs. § 18427.1(b).

³⁶ Cal. Gov't Code § 84203; 2 Cal. Code Regs § 18427.1(b).

³⁷ LAMC §§ 49.7.2(A), 49.7.2(L); Charter §§ 803(a)(1)(A), 803(a)(5).

³⁸ LAMC § 49.7.31(C).

³⁹ Cal. Gov't Code § 82036.5, 84204.

⁴⁰ LAMC §§ 49.7.31, 49.7.33; Charter §§ 803(s).

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Chapter Eleven Compliance

The Ethics Commission is committed to helping contributors understand and comply with the laws that apply to them. A variety of educational materials are available at ethics.lacity.gov/publications/#campaigns. In addition, if you have questions about your specific circumstances, please contact the Ethics Commission at ethics.commission@lacity.org or (213) 978-1960 for assistance.

The Ethics Commission is also required to investigate potential violations of City campaign finance laws.⁴¹ A person who violates the laws—or aids or abets another person in violating the laws—is subject to administrative, civil, and criminal enforcement.⁴² The Ethics Commission may impose administrative penalties of up to the greater of \$5,000 per violation or three times the amount that was improperly contributed, spent, or reported.⁴³ Enforcement orders imposed by the Ethics Commission may be viewed at ethics.lacity.org/data/more/enforcement-orders/.

Anyone may file a complaint regarding possible violations of the campaign finance laws. Complaints are confidential to the extent permitted by law and may be submitted anonymously. The more detail you provide, the more likely it is that the Ethics Commission will be able to effectively investigate your complaint. You may submit a complaint in the following ways.

ethics.lacity.gov/enforcement/#reportaviolation
(800) 824-4825
(213) 978-1999

ethics.commission@lacity.org

200 N. Spring Street
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⁴¹ Charter § 706.

⁴² LAMC § 49.7.38, Charter §§ 470(o), 803(v).

⁴³ Charter § 706(c).

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