

Proposition C – Ethics Commission Ballot Argument

The City has a long-standing, compelling interest in furthering public disclosure of the identities of lobbyists and of their efforts to influence decision-making regarding local legislative and administrative matters. This ballot measure seeks to protect public confidence in the responsiveness and representative nature of government officials and institutions.

The City currently requires lobbyists who directly contact City officials, referred to as “contact lobbyists,” to register with the Ethics Commission and disclose their lobbying activities. But individuals, businesses, non-profit organizations, labor unions, and trade associations also attempt to indirectly influence City officials by urging others to directly lobby those officials. These indirect lobbyists, referred to as “expenditure lobbyists,” make payments in an attempt to encourage others to directly lobby City officials by urging them to attend legislative hearings to speak on their behalf, by providing them with transportation to public meetings, by using advertising outlets to ask others to call or contact City officials’ offices to make their arguments, or by making donations in exchange for their direct lobbying efforts. Given these efforts, it is often difficult for City officials to know whether the individuals directly approaching them are truly voicing their own opinions or are doing so at the behest of expenditure lobbyists.

Prior to 2009, expenditure lobbyists were required to register; this ballot measure reinstates that requirement and makes San Francisco’s reporting requirements consistent with those of Los Angeles, Sacramento, San Diego, San Jose and the State of California.

This ballot measure imposes reasonable, narrowly tailored registration and disclosure requirements on expenditure lobbyists, obligating them to reveal information about their efforts to influence decision-making. Since expenditure lobbyists and direct, contact lobbyists both attempt to influence the City’s legislative process, this ordinance imposes the same sorts of registration and disclosure requirements on both types of lobbyists.

San Francisco Ethics Commission

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Proposition C – Ethics Commission Rebuttal

Proposition C was placed on the ballot by a unanimous vote of the members of the San Francisco Ethics Commission. It imposes registration and reporting obligations on any individual and any organization that spends at least \$2,500 in a calendar month to solicit, request, or urge others to directly lobby City officers (i.e., elected City officials, members of City boards and commissions, and City department heads). Other jurisdictions regulate such "expenditure lobbying" and similar activities, although not always in the same manner. Those jurisdictions include Los Angeles, Sacramento, San Diego, San Jose, and the State of California.

Employees of tax-exempt non-profit organizations are not exempted from the lobbying reporting requirements, which apply to all individuals and entities, including the obligation to register and report their activities; only certain of these employees – those working for charities and social welfare organizations – will be exempted from having to pay the \$500.00 registration fee. This exemption reflects the fact that many of these employees may be paid less than private sector employees. San Francisco law regulating direct lobbyists contains the same exemption.

San Francisco Ethics Commission

6 ARGUMENT TEXT

- Argument text will be printed in the Voter Information Pamphlet exactly as submitted. Please ensure that all information is legible and correct.
- Type the complete text of the ballot argument in the space below. Attach additional pages if necessary.
- Use standard text, or **bold**, italics, or **bold italics** for emphasis. Format the text as desired below, or underline any text that you would like to appear in **bold** ("B"), italics ("I"), or **bold italics** ("BI") and note this formatting in the left margin. Use clear paragraph spacing.
- Include the names of all Authors, along with any titles or identifying information. This information will count toward the argument's total word count. Signature information will be printed in italics.
- Count the number of words in each line of the argument and note the total in the right margin.
- The Department of Elections will not underline argument text, print argument text in columns or with other unusual spacing, or print graphics.
- Submitters of handwritten or hand-edited arguments must sign an acknowledgment that the Department of Elections is not responsible for any errors resulting from unintentional misinterpretation of the handwritten material.

The undersigned Author(s) of this ballot argument in favor of or against Proposition C for the election to be held in San Francisco on Nov. 3 2015 hereby state that such argument is true and correct to the best of his, her, or their knowledge and belief. All Authors of this argument are registered to vote in San Francisco.

Format: B, I, BI	Keep Text Within the Vertical Lines	#words per line
B-CAPS	THIS LOBBYIST BALLOT MEASURE NEEDS TO BE	7
B-CAPS	REDRAFTED. THE ETHICS COMMISSION SHOULD NOT	6
B-CAPS	HAVE THE POWER TO WAIVE THE LOBBYIST	7
B-CAPS	FEEES OF EMPLOYEES OF TAX-EXEMPT	6
B-CAPS	ORGANIZATIONS COVERED BY 26 U.S.C. SECTION	6
B-CAPS	501 (C) (3) OR 501 (C) (4)	7
	The employees of tax-exempt organizations should	7
	be covered by the same general lobbying laws as	9
	other organizations, businesses, and corporations	5
	taking part in the legislative process.	6
	The policy of granting waivers to employees of	8
	non-profit and/or tax-exempt organizations	6
	to exempt them from lobbyist registration fees	7
	needs to finally be halted in the City and County	10
	of San Francisco.	2
	Modern business entities, corporations, and	5
	labor organizations should be governed by	6
	similar legislative lobbying rules under	5
	modern economic and social conditions.	5
	It is time for the San Francisco to	7
	adapt its lobbying standards to those of	7
	other California cities.	3
	Dr. Terence Faulkner, J.D.	4
	United States President's Federal Executive Awards	5
	Committee member (1988)	2
Total word count:		148

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**Frequently Asked Questions About the Expenditure Lobbyist Measure
On the November 3, 2015 San Francisco Ballot (Proposition C)**

On June 29, 2015, the Ethics Commission voted unanimously to place a measure regulating “expenditure lobbyists” on the ballot for the November 3, 2015 election. Answers to frequently asked questions about this measure, Proposition C, are found below.

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What is an “expenditure lobbyist”?

An expenditure lobbyist is any individual or organization that spends at least \$2,500 in a calendar month to solicit, request, or urge *others* to directly lobby City officers (i.e., elected City officials, members of City boards and commissions, and City department heads).

Expenditure lobbyists are different from the “contact” lobbyists currently regulated by City law. Contact lobbyists are individuals paid to directly lobby City officers via e-mail, telephone calls, or in-person meetings.

What are some examples of expenditure lobbying?

Examples of payments that constitute expenditure lobbying include:

- Paying to transport speakers to a Board of Supervisors meeting;
- Buying ads urging members of the public to call or contact City officials’ offices; and
- Donating to a nonprofit organization in exchange for their direct lobbying efforts

What is not expenditure lobbying?

The following is not expenditure lobbying:

- Payments made to a registered lobbyist who directly contacts City officers;
- Payments made to an organization for membership dues;
- Payments made by an organization to distribute communications to its members;
- Payments made by a news media organization to develop and distribute its publications; and
- Payments made by a client to a representative to appear on the client’s behalf in a legal proceeding before a City agency or department

What does this measure require expenditure lobbyists to do?

Under the measure, an individual or organization qualifying as an expenditure lobbyist must:

- Register with the Ethics Commission;
- Pay an annual \$500 registration fee; and
- File monthly reports with the Ethics Commission that disclose the local decision that was the subject of the lobbying, the amount of money spent to influence that decision, and their campaign contributions. Registration information and the monthly reports will be publicly available.

The above requirements are nearly identical to the requirements imposed on contact lobbyists.

Employees of Section 501(c)(3) and 501(c)(4) nonprofit organizations are exempt from the requirement to pay a registration fee.

Does the measure impose any limitations on expenditure lobbyists?

Yes, like contact lobbyists, expenditure lobbyists may not make gifts over \$25 to any City officer (except in limited circumstances), attempt to influence a City matter for the purpose of securing future employment, or attempt to evade their obligations through the use of agents, associates, or employees.

What happens if an expenditure lobbyist violates these rules?

A person who fails to comply with this proposal would be subject to:

- Late filing fees of \$50 per day;
- Administrative fines up to \$5,000 per violation; and/or
- Civil penalties up to \$5,000 per violation.

Do other jurisdictions regulate expenditure lobbying?

Yes, other jurisdictions regulate expenditure lobbying or similar activities, although not always in the same manner. Those jurisdictions include Los Angeles, Sacramento, San Diego, San Jose, and the State of California.

Did the City previously regulate expenditure lobbying?

In 2009, the City made amendments to its Lobbyist Ordinance which removed provisions that had regulated expenditure lobbyists. The prior regulation of expenditure lobbyists differs from the current proposal in a few ways, including:

- The prior law defined an expenditure lobbyist to be any person that made any payments to influence local legislative or administrative action totaling \$3,200 or more in value within any three consecutive calendar months; and
- The prior law required quarterly reporting.

Can this proposal be amended or changed at a later date?

Yes. In general, voter-approved measures can only be amended by later voter-approved measures. But this measure also allows the Board of Supervisors to amend its provisions if:

- The amendment furthers the purposes of the Lobbyist Ordinance;
- The Ethics Commission approves the proposed amendment in advance by at least a four-fifths vote of all its members;
- The proposed amendment is available for public review at least 30 days before the amendment is considered by the Board of Supervisors or any committee of the Board of Supervisors; and
- The Board of Supervisors approves the proposed amendment by at least a two-thirds vote of all its members.

What is the Ethics Commission?

San Francisco voters established the Ethics Commission in November 1993 through a ballot measure that amended the City Charter. The Ethics Commission serves the public, city employees and officials and candidates for public office through education and enforcement of ethics laws. It oversees the registration and regulation of campaign consultants, candidates, and lobbyists, among many other duties.

What is the Ethics Commission's role with respect to this measure?

On June 29, 2015, the Ethics Commission voted unanimously to place the expenditure lobbyist measure on the ballot for the November 3, 2015 election.

The Ethics Commission is subject to strict political activity restrictions that prevents its members and staff from openly advocating for the passage of ballot measures, including measures that it places on the ballot itself.

But the Ethics Commission can provide objective and impartial information regarding the expenditure lobbyist measure, such as this Frequently Asked Questions page.

If you would like to ask questions about the expenditure lobbyist measure, or have someone from the Ethics Commission speak about this measure at an event or meeting, please contact Jesse Mainardi at jesse.mainardi@sfgov.org or (415) 252-3100.

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