

# SUPPLEMENT FOR CANDIDATES FOR MAYOR SEEKING PUBLIC FUNDING

**JUNE 5, 2018 ELECTION**



## **SAN FRANCISCO ETHICS COMMISSION**

25 VAN NESS AVENUE, SUITE 220  
SAN FRANCISCO, CALIFORNIA 94102  
TELEPHONE: 415.252.3100      FACSIMILE: 415.252.3112  
WEBSITE: [WWW.SFETHICS.ORG](http://WWW.SFETHICS.ORG)  
EMAIL: [ETHICS.COMMISSION@SFGOV.ORG](mailto:ETHICS.COMMISSION@SFGOV.ORG)

This guide is intended to assist candidates in the process of applying for public financing. Candidates should use it as a supplement to the **Candidates' Guide for City Elective Office**, which details requirements of **all candidates for City elective office**.

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## I. Introduction

This guide summarizes State and local laws applicable to candidates for Mayor who would like to participate in San Francisco's public financing program. It is intended to answer the most frequently asked questions about these laws, and therefore is necessarily general. Any specific questions regarding these laws should be directed to the San Francisco Ethics Commission at (415) 252-3100 or [www.sfgov.org/ethics](http://www.sfgov.org/ethics). In addition, candidates should consult the Commission's **Candidates' Guide for City Elective Office** and **FPPC Manual 2**, which are available at the office of the Ethics Commission and online.

Please be aware that additional requirements and restrictions may apply. To the extent this guide conflicts with State or local law, the law controls.



The dates/deadlines listed in this guide apply to the June 5, 2018 election.

### Agency Contact Information:

Please be aware that although the Ethics Commission may administer and enforce several of the laws described in this guide, the Commission does not have authority to interpret or enforce all of these or related laws. In addition to the San Francisco Ethics Commission (SFEC), agencies that administer and enforce laws regulating candidates and elections include the California Secretary of State (SOS), the California Fair Political Practices Commission (FPPC), and the San Francisco Department of Elections. They may be contacted as follows:

SOS	<a href="http://www.ss.ca.gov">www.ss.ca.gov</a>	(916) 653-6224
FPPC	<a href="http://www.fppc.ca.gov">www.fppc.ca.gov</a>	(866) 275-3772
S.F. Dept. of Elections	<a href="http://www.sfelections.org">www.sfelections.org</a>	(415) 554-4375

### What is the public financing program?

In November 2000, the voters of San Francisco adopted Proposition O, the Fair Elections Ordinance. Among other things, Proposition O amended the San Francisco Campaign Finance Reform Ordinance, San Francisco Campaign and Governmental Conduct Code ("S.F. C&GC Code") section 1.100 *et seq.* ("CFRO"), to provide for partial public financing for candidates for the Board of Supervisors to help defray the costs of election campaigns.

Thereafter, the City extended the program to candidates for Mayor and made substantive changes to the provisions of the program. Under the program, candidates certified as eligible to receive public financing may receive from the Election Campaign Fund up to a maximum of \$975,000 (Non-Incumbent Candidates) or \$962,500 (Incumbent Candidates) on a first-come, first-served basis, provided that no funds will be disbursed if the disbursement of funds will result in the candidate exceeding his or her Trust Account Limit.

## II. What Do You Need to Do to Qualify to Receive Public Funds?

### Getting Started with Public Financing

- Step 1: Know what you're signing up for**  
Read and understand applicable laws related to San Francisco's public financing program. This guide will provide an overview, but candidates are also responsible for reading and understanding applicable sections of the Campaign Finance Reform Ordinance ("CFRO") and Ethics Commission regulations pertaining to CFRO sections. These laws can be found in the "Laws" section of the SFEC website. You are also responsible for filing forms required by all candidates (regardless of participation in public financing program). See **Candidates' Guide for City Elective Office**.
- Step 2: Decide to participate or not participate**  
File *Statement of Participation or Non-Participation in Public Financing* form [Form SFEC-142(a)]. After reviewing the rules of the program, indicate that you wish to participate by checking the appropriate box, signing and dating the form. Submit the form to the Ethics Commission on or before the last day to file nomination papers with the Department of Elections (January 9, 2018).
- Step 3: Submit your Application**  
No sooner than September 5, 2017 and no later than March 27, 2018, submit *Qualifying Request* form [Form SFEC-142(b)-2], *Qualifying Contributions List* form [Form SFEC-142(c)-2], and supporting documentation to the Ethics Commission to establish eligibility. Note that by submitting your application, you are agreeing to abide by your individual expenditure ceiling. See "Presentation Guidelines" on page 9 for more information regarding the content and format of the application.

□ Step 4: Set up a Good Recordkeeping System

Candidates and treasurers are responsible for maintaining detailed records, pursuant to California Government Code (“Cal Gov’t Code”) Section 84104 (*see also* 2 Cal. Code of Regs. § 18401). All publicly financed candidates will be audited. Detailed records are essential to the audit and assist the committee in the submission of accurate and complete applications for public funds.

## What are your responsibilities if you agree to participate in public financing?



In order to qualify for public financing, you must do the following:

- seek election as Mayor and be eligible to hold office if elected;
- no later than January 9, 2018, file a *Statement of Participation or Non-Participation* form [Form SFEC-142(a)], indicating your intent to participate;
- raise at least \$50,000 (Non-Incumbent) in qualifying contributions or \$75,000 (Incumbent) in contribution amounts from \$10 to \$100 from at least 500 individuals (Non-Incumbent) or 750 individuals (Incumbent) who reside in the City before the 70<sup>th</sup> day before the election (i.e., no later than March 26, 2018);
- submit a *Qualifying Request* form [Form SFEC-142(b)-2], a *Qualifying Contributions List* form [Form SFEC-142(c)-2], and supporting documentation;
- be opposed by a candidate who has qualified for public financing or by a candidate who has received contributions or made expenditures that in the aggregate equal or exceed \$50,000;
- agree to limit spending on your campaign to no more than your individual expenditure ceiling of \$1,475,000 or as raised by the Ethics Commission;
- not accept any loans to your campaign from anyone except yourself, and not loan or donate more than **\$5,000** of your own money to your campaign;

- bear the burden of proving that each contribution you rely upon to establish eligibility is a qualifying contribution and that expenditures made with public funds are used only for qualified campaign expenditures;
- not make any payments to a contractor or vendor in return for the contractor or vendor making a campaign contribution to your committee; and not make more than a total of 50 payments to a contractor or vendor who has made a contribution to your committee;
- agree to participate in at least three debates with your opponents;
- have paid any outstanding fines owed to the City by you or any of your campaign committees;
- have filed any outstanding statements, reports or forms owed to the City by you or any of your campaign committees; and
- have no finding by a court or the Ethics Commission with the past five years that you knowingly, willfully, or intentionally violated any provision of the S.F. C&GC Code or the campaign finance provisions of the Political Reform Act.

### Is there an amount of money you must raise to qualify?

Yes. Candidates for Mayor must receive at least \$50,000 in qualifying contributions (\$75,000 for incumbents) from at least 500 contributors (750 for incumbents) before the 70<sup>th</sup> day before the election. For the June 5, 2018 election, qualifying contributions must be received no sooner than December 5, 2016 and no later than March 26, 2018. *See* “The Qualifying Contribution” on page 8.

## III. Understanding Individual Expenditure Ceilings

Candidates for Mayor or Board of Supervisors are not subject to a voluntary expenditure ceiling (VEC), which may govern candidates who run for Assessor, City Attorney, District Attorney, Public Defender, Sheriff, Treasurer, the Board of Education for the San Francisco Unified School District or the Governing Board of the San Francisco Community College District. Instead, if candidates for Mayor or Board of Supervisors participate in the public financing program, they are subject to an individual expenditure ceiling.

## Individual Expenditure Ceiling (IEC)

Individual expenditure ceilings apply only to candidates who have been certified as eligible to receive public financing. For all Mayoral candidates seeking public financing, the IEC starts at \$1,475,000. The Executive Director of the Ethics Commission will raise the IEC of a certified candidate in increments of \$100,000 when:

- The sum of the highest Total Supportive Funds<sup>1</sup> of any other candidate seeking election to the same office and the total opposition spending<sup>2</sup> against the certified candidate exceeds \$1,475,000.

The IEC may be different for each individual candidate. An IEC may be raised incrementally, but not removed altogether. This means that a certified candidate will always be bound by an IEC.

### Example:

#### Candidate A

Not a public financing candidate  
Has \$1,400,000 in campaign trust account

#### Candidate B

Certified public financing candidate  
Current IEC: \$1,475,000  
Has \$1,400,000 in campaign trust account

#### Third Party Committee

Spends \$200,000 against Candidate B

#### Effect on Ceilings:

The Executive Director will adjust the IEC of the candidates as follows:

- For **Candidate A**, there will be no adjustment because **Candidate A** is not a publicly financed candidate; thus, **Candidate A** is not subject to an IEC.

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<sup>1</sup> **Total supportive funds:** The sum of all funds (monetary contributions, loans, in-kind contributions and public funds) received by a candidate other than funds in the candidate's campaign contingency account, plus the expenditures made or expenses incurred by any person who makes independent expenditures, electioneering communications or member communications to support that candidate.

- For **Candidate B**, the Executive Director will add the total supportive funds of Candidate A (\$1,400,000) to the total opposition spending against **Candidate B** (\$200,000), which equals \$1,600,000. Because the Executive Director can adjust IECs only in increments of \$100,000, he/she will raise **Candidate B's** IEC by \$100,000 to \$1,575,000.

### Example:

The Ethics Commission has certified four candidates running for Mayor as eligible to receive public funding. The IEC of each candidate is \$1,475,000. Reports filed at the Ethics Commission indicate that **Candidate A's** total supportive funds ("TSF") is \$1,400,000; **Candidate B's** TSF is \$1,600,000; **Candidate C's** TSF is \$1,000,000; and **Candidate D's** TSF is \$900,000. The Executive Director will raise the individual expenditure ceilings of **Candidate A, C, D** to \$1,575,000; the Executive Director will not raise the individual expenditure ceiling of **Candidate B** because no opposing candidate's TSF exceeds **Candidate B's** IEC by at least \$100,000.

### Example:

Under the same facts as the prior example, total opposition spending against **Candidate B** reaches \$250,000. The Executive Director will adjust **Candidate B's** IEC as follows: add the highest TSF of any opposing candidate (\$1,400,000) to the total opposition spending against **Candidate B** (\$250,000), which equals \$1,650,000. Because the Executive Director may only adjust the IEC in \$100,000 increments, the Executive Director will adjust **Candidate B's** IEC to \$1,575,000.

## What happens if you exceed your IEC?

If you receive public funds and you exceed your IEC by 10 percent or more, you must return all public funds received. You are also subject to other enforcement penalties.

<sup>2</sup> **Total opposition spending:** The sum of all expenditures made or incurred by any person for independent expenditures, electioneering communications or member communications to oppose a specific candidate. Total opposition spending does not include spending by a candidate to support himself or herself or to oppose his or her opponents in the same election.



## IV. Do you Need a Campaign Contingency Account (CCA)?



It depends. If you are certified as eligible to receive public funds, the amount of funds in your Campaign Contribution Trust Account, if spent, may not exceed your individual expenditure ceiling. You may wish to maintain a Campaign Contingency Account (“CCA”) separate from your Campaign Contribution Trust Account, which allows you to deposit contributions in anticipation of your individual expenditure ceiling being raised. This account must be established at the same bank as your Campaign Contribution Trust Account. If you open a CCA, you must file *Form SFEC-108* within 10 days of opening the account. Within 10 days after the election, a candidate who established a CCA must submit a money order, certified check or other written instrument prepared by the financial institution, made payable to the Ethics Commission for an amount equal to the amount of funds in his/her campaign contingency account, and submit it to the Ethics Commission along with *Form SFEC-108*.

### Campaign Contingency Account (CCA)

An account separate from a certified candidate’s Campaign Contribution Trust Account (CCTA). A candidate may deposit contributions into this account that are in excess of the candidate’s Trust Account Limit.

### Trust Account Limit (TAL)

The amount of funds in a CCTA of a candidate who is certified as eligible to receive public financing such that the expenditure of this amount would cause the candidate to reach but not exceed the candidate’s individual expenditure ceiling. Funds deposited in a CCTA would not be deemed to exceed the TAL if they are transferred from the CCTA to the CCA within two business days of depositing those contributions in the CCTA.

Important points to remember:

- All contributions that you deposit into the CCA must be reported on FPPC Form 460 as if they were deposited into your CCTA.
- You may not deposit funds into the CCA if the amount of funds in your CCTA is less than your TAL.

- You may not make any expenditures from the CCA.
- You may transfer funds from your CCA to your CCTA, provided that the amount of funds in your CCTA does not exceed your trust account limit.
- All funds that qualify as matching contributions and that are transferred from your CCA to your CCTA will be matched with public funds in accordance with procedures set forth in the law.
- Within 10 days after the date of the election, you must turn over all funds in your CCA to the Election Campaign Fund.

### Example:

Joan, a candidate for Mayor, has been certified as eligible to receive public funds from the Election Campaign Fund. Joan’s individual expenditure ceiling begins at \$1,475,000. Joan spends \$430,000. Joan’s trust account limit is now \$1,045,000.

### Example:

Joan’s individual expenditure ceiling has been raised to \$1,575,000. Joan has spent a total of \$450,000. Joan’s trust account limit is now \$1,125,000.

## V. What Records Must You Provide?

All candidates are required to retain records related to all contributions and expenditures for four years from the date of filing the campaign statement to which they relate. Candidates who participate in the public financing program must provide detailed records to demonstrate a contribution is a qualifying or matching contribution. Such records are necessary for the preparation of accurate and complete campaign statements. For your convenience, a list of some records you should keep is provided below.

- records related to contributions (i.e., deposit slips, deposit receipts, copies of contribution checks, money orders or cashiers/official/travelers checks; documentation of credit card contributions)
- bank statements
- check registers
- any other records reflecting a continuous computation of campaign account balances
- signed, dated, and completed contributor cards for contributions made by cash



The candidate bears the burden of proof.

- letter or other record describing non-monetary contribution and how the value was determined
- records related to electronic receipts/payments (including debit cards, internet transactions, credit cards, etc.)
- petty cash register and related receipts
- copies of records related to communications (e.g., sample of mass mailing, and transcript of recorded phone call)
- documentation for all expenditures (canceled checks, invoices, receipts, bills, and payment authorizations)
- correspondence (i.e., to/from contributors or vendors)

**Organize Records from Day 1**

Small campaigns may use a simple accordion file to organize records. Larger campaigns may use file folders, for example, to keep records organized.

For more information regarding recordkeeping requirements, you may refer to FPPC Manual 2, Chapter 4 of the FPPC Political Reform Act and the Ethics Commission’s *Records Required for Audit and Guidelines for Organizing Records* guide. Regardless of whether you seek public funding, you must keep detailed records of your receipts and disbursements. Please note that publicly financed candidates are required to submit records for each contribution that is to be matched with public funds.

See Cal. Gov’t Code § 84104, 2 Cal. Code of Regs § 18401 and SFEC Regulations § 1.142-3.

**VI. The “Qualifying Contribution”**



The candidate bears the burden of proof.

A qualifying contribution is:

- ✓ made by an individual who is a San Francisco resident;
- ✓ \$10 - \$100 (cumulatively) per contributor;
- ✓ made within 18 months prior to the election. A qualifying contribution must be received no sooner than December 5, 2016 and no later than March 26, 2018; and

- ✓ supported by appropriate documentation (see “Presentation Guidelines” on page 9 for more information about appropriate supporting documentation).

For contributions greater than \$100, only the first \$100 counts as a qualifying contribution. (The remainder may count as a matching contribution. See page 14 for information about matching contributions.)

Qualifying contributions do not include contributions that are:

- ✗ loans;
- ✗ from the candidate or his/her immediate family;
- ✗ less than \$10 (cumulatively) from a single contributor;
- ✗ made in violation of local or state law;
- ✗ drawn on a business account;
- ✗ not accompanied by adequate supporting documentation;
- ✗ not made by an individual who is a San Francisco resident;
- ✗ made after March 26, 2018. Qualifying contributions must be received no sooner than December 5, 2016 and no later than March 26, 2018;
- ✗ not accompanied by a signed contribution card if the contribution is made in the form of cash. A completed contributor card (see pages 9 and 10) must be signed and dated at the time the contributor makes the cash contribution (applies to cash, money order, travelers/cashiers/official check contributions);
- ✗ contributed to support the candidate’s election to a different office or a different term;
- ✗ bounced checks; and
- ✗ non-monetary contributions.

See S.F. C&GC Code § 1.104 and SFEC Regulations § 1.104-2.

Qualifying contributions do not include contributions made to a candidate to support the candidate’s election to a different office, or to support the candidate’s election to the same office in a different election year, where those contributions were unexpended and carried forward as contributions to a new campaign.



## What if a contributor donates less than \$10?

If a contributor has donated less than \$10 (cumulatively), his/her contribution is not qualifying. However, if the contributor donates \$9, and later donates \$1, the two contributions taken together may be qualifying.

## VII. Presentation Guidelines

The following instructions provide guidance as you prepare your application for public funds and supporting documentation. Beginning on September 5, 2017 and ending on March 27, 2018, you may submit your application to the Ethics Commission to establish eligibility. **Your application for public funds must consist of the following three items:**

- 1) *Qualifying Request* form; 2) *Qualifying Contributions List* form; and
- 3) *supporting documentation*.

### ***Qualifying Request form***

The form is a cover page on which you provide your contact information and agree to abide by the rules of the public financing program.

### ***Qualifying Contributions List form***

The form is a spreadsheet on which you list your qualifying contributions. This spreadsheet must also be submitted to the Ethics Commission as an attachment to an email. Each contribution must be separately itemized on the spreadsheet. Here are some points to remember about the spreadsheet:

- Include only qualifying contributions (i.e., do not list contributions from contributors who live outside of San Francisco).
- Fill in the “Deposit Batch” column. See “Deposit Batches” below for further instructions regarding deposit batches.
- Fill in the “Method of Payment” column.
- Make sure you have obtained occupation/employer information for contributors of \$100 or more.
  - Check if contributors have given multiple donations, which may cause their cumulative contributions to equal or exceed \$100.
- Specify the amount of each contribution. The Ethics Commission will input the actual qualifying contribution amount (based on its review of supporting documentation).

Keep copies of all documentation submitted. The forms and supporting documentation that you submit to the Ethics Commission will not be returned to you.

## Supporting Documentation

Track your contributions by organizing them in deposit batches. Assign a batch number to each deposit. For example, when you make your first deposit, you label the deposit “batch #1” and you make a list of all the contributions that are part of this deposit (include contributor name, date of contribution and contribution amount). Attach this list to copies of contribution checks (or contributor cards for cash contributions or merchant verification reports for credit card/online contributions) that were deposited as part of batch #1. Keep these items with your records for all contributions regardless of whether they are matched with public funds. With every deposit batch, you should also keep any correspondence sent to or received from contributors. For every contribution that you seek to be matched with public funds, you must provide copies of the deposit batches (including copies of checks, contributor cards for cash contributions, merchant verification reports for credit card/online contributions, and proof of San Francisco residency).

## What methods of payment are “cash”?

- paper money
- money order
- cashier’s check
- travelers check
- official check
- postal money order
- other similar forms of payment

Contributions made by one of the cash methods above require a signed and dated contributor card from each contributor, clearly stating: the committee’s name, the amount of the contribution and that the method of payment was “cash,” date of contribution, contributor’s name, and contributor’s residential address. The contributor card must be signed and dated at the time the contribution was made. **All cash contributions must be accompanied by proof of San Francisco residency.** A sample contributor card is provided below.

**(Insert Name of Candidate Committee and FPPC ID #)  
Contributor Card**

Complete all of the information below:

**Amount of Contribution: \$** \_\_\_\_\_ **Date of Contribution:** \_\_\_\_\_

**Form of payment:**

- Cash** – may not exceed \$99.99
- Money Order** – may not exceed \$99.99
- Cashier/Official/Travelers check** – may not exceed \$99.99
- Check** – make check payable to “insert name of committee”
- Credit Card/Online payment system**

Contributor Name: \_\_\_\_\_

Street Address (no P.O boxes): \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

For donors of at least \$100 (cumulatively), the following information is also required:

Occupation: \_\_\_\_\_ Employer: \_\_\_\_\_  
(if self-employed, provide name of business)

The following types of contributions to candidates for City elective office are prohibited:

- Cash contributions of \$100 or more.
- Contributions of \$25 or more not accompanied by the above information.
- Contributions from corporations (other entities not taxed as corporations may contribute).
- Contributions that exceed \$500. Related entities (a business and its owner, partnerships with the same general partner, a parent company and its subsidiaries and other affiliated entities) are subject to a single, combined limit of \$500.
- Contributions from foreign nationals (green card holders may contribute).
- Contributions that are reimbursed by another person (unless you inform us of the true source of the contribution).
- Contributions from an owner, director, officer or named sub-contractor of any entity that is currently negotiating a contract with [select appropriate: City and County of San Francisco, name of a City department, or the San Francisco Unified School District, the San Francisco Community College District, or board of a state agency that has a member who is appointed by a City elective officer], or of any person/entity that received such a contract within the last six months.

**Note: Contributions from business accounts will not be matched with public funds.**

**Signature required of all contributors:**

I certify that this contribution is not one of the prohibited contributions listed above.

X \_\_\_\_\_  
Contributor's Signature Date

**Note: A contributor card is not required (but may be obtained) for contributions made by check or credit card/online.**

**Checks drawn on Business Accounts**

All qualifying contributions must be donated from an individual's personal funds, not from business accounts, even if funds have been “earmarked” for personal use. A business entity includes a “sole proprietorship.”

**Examples:**

John Doe or Jane Doe  
987 Mission St.  
San Francisco, CA 94789

Date \_\_\_\_\_ 101

**Acceptable**

PAY TO THE ORDER OF \_\_\_\_\_ \$ \_\_\_\_\_ Dollars

Memo \_\_\_\_\_

|: 210678772 |: 10321547890'' 101

Jane Doe  
CPA  
987 Mission St.  
San Francisco, CA 94789

Date \_\_\_\_\_ 101

**Acceptable**

PAY TO THE ORDER OF \_\_\_\_\_ \$ \_\_\_\_\_ Dollars

Memo \_\_\_\_\_

|: 210678772 |: 10321547890'' 101

Jane Doe Hardware or Jane Doe, Inc.  
123 Mission St.  
San Francisco, CA 94987

0608  
18-10/1250 3310

**Not Acceptable**

PAY TO THE ORDER OF \_\_\_\_\_ \$ \_\_\_\_\_ DOLLARS

FOR \_\_\_\_\_

\*000608\* :000000105:11111133330\*

**What if a contributor gives you \$100 in cash?**

If you accept the \$100 in cash, you are violating the law. You may not give change to a contributor who gives you \$100 in cash. You may also not accept smaller cash contributions that in sum will equal or exceed \$100.

See Cal Gov't Code § 84300.

## Deposit Batches—Summary of records required

- Include a copy of the deposit slip and deposit receipt with each batch.
- Clearly mark the batch number on each grouping of documents.
- Within each batch, keep supporting documentation for each individual contributor together.
- Include a copy of the **written instrument** and/or **signed and dated contributor card**.
- You should also attach a list of contributors and the amounts that they contributed to each deposit batch.
- If a contributor has given multiple contributions, include supporting documentation for each *contribution*.

### Deposit batch

A collection of contributions that are grouped together ("batched") to comprise a single deposit to a bank.

Sum of contributions in a deposit batch = amount reflected on the bank-issued deposit receipt.

### Written instrument

Check, credit card receipt, or record of electronic transfer of funds.

### Date received

The date a contribution is received is the date your committee obtains possession of the written instrument or cash, not the date you deposit it into the bank account. (See 2 Cal. Code of Regs § 18421.1)

### Example:

John Doe contributes \$50 on August 1 with a personal check that reflects his current S.F. residential address (preprinted on the check). No additional supporting documentation is required to be submitted to the Ethics Commission. You deposit his contribution into your bank account with the first batch of contributions that your campaign has received ("Batch 1").

On August 8, John Doe contributes \$75 in cash. You ask him to complete, sign and date a contributor card because you need proof of each contribution.

You specifically ask him to include his occupation and employer information because his contributions total \$100 or more. He must also fill in the space for "Amount of Contribution" and "Method of Contribution." You deposit the \$75 into your bank account with the second batch of contributions ("Batch 2").

To complete the *Qualifying Contributions List* form, you must include both of John Doe's contributions. He will occupy two lines of the spreadsheet, showing receipt dates of August 1 and August 8 and deposit batch numbers of 1 and 2, respectively. You include a copy of the \$50 check in the supporting documentation for Batch 1, and the contributor card for the \$75 contribution with the supporting documentation for Batch 2.

### Example:

Jane Doe contributes \$60 on August 5 and \$40 on August 20 with personal checks, but the checks are preprinted with the address of a former residence. You must gather additional documentation to prove her current residential address is in San Francisco. She provides a copy of her driver's license, which she has updated to show her current address. On the *Qualifying Contributions List* form, you list the new address. You attach the copy of the check and the driver's license to the batch in which the \$60 check was deposited. The batch that includes the \$40 check need not include another copy of the driver's license (only a copy of the check is required).

### Street Address

The *Qualifying Contributions List* form must list each contributor's current residential street address. Business/employer addresses and P.O. Boxes will not be accepted.

### Occupation/Employer Information

You must obtain the occupation and employer information for any contributor who donates a total of \$100 or more.

#### Students, Retired, and Unemployed Contributors

Employer information is not required for contributors who are not employed, such as students, retired, or unemployed contributors. Simply specify "student" or "retired" or "unemployed" in the occupation field of the spreadsheet, and leave the employer field blank.

### Self-Employed Contributors

Self-employed contributors must report their business names. If there is no business name, or if the business name is simply the contributor's own name, indicate the occupation (i.e., "painter") and "self-employed/same" as the business name. Some professions require a business name (i.e., "owner" or "manager" must have a business name), while others (i.e., "attorney" or "babysitter") may or may not. Please contact Ethics staff if you have questions.

### **Credit Card/Electronic/Internet Contributions**

The candidate is responsible for providing adequate documentation for these types of contributions. Reports listing information about the contribution(s) should be sent directly from the vendor providing the electronic/online payment interface to the Ethics Commission. Alternatively, the committee may demonstrate to Ethics staff that documentation is authentic by logging into their account at the Ethics Commission's offices and creating reports as staff stands by to view the process. If a candidate wants to know whether the report of a credit card contribution provided by the vendor is sufficient to prove S.F. residency of the contributor, the candidate may fax or email a copy of such report to the Ethics Commission. An auditor will review the report and explain whether the report is sufficient to prove S.F. residency of the contributor.

*Please note:* Electronic/Internet contributions must be accompanied by supporting documentation that shows the billing address on the account. Shipping/ mailing addresses will not be accepted. Because of the diversity of online payment options, if you have any doubts regarding acceptable documentation, please contact the Ethics Commission prior to collecting contributions electronically/online. If your credit card vendor is unable to release the billing address to the Ethics Commission, you must provide proof of residency for each credit card/online contribution that you seek to be matched with public funds.

### **Contributor Cards / Signed Statements or Affidavits**

**For cash contributions, only contribution cards signed and dated at the time that the contribution was made will be accepted.** Signed statements or affidavits may not be used as proof of San Francisco residency for public financing purposes. **All cash contributions must be accompanied by proof of San Francisco residency.**

### **How can you prove San Francisco residency?**

The following documents are acceptable proof of S.F. residency:

- Current Driver's License / California Identification Card
- Recent utility bill
- Recent bank statement or credit card statement
- Current lease agreement
- Current voter registration record, which must show the voter id number of the contributor.
- Recent pay stub
- Current address preprinted on check/billing address of credit card account.

Supporting documentation must show the contributor's name and current address and must be valid (i.e., an expired driver's license will not be accepted). In the case of voter registration record, the documentation must also show the voter id number of the contributor.

Reminder: Proof of San Francisco residency must be provided for all cash contributions (cash contributions include money orders, official checks, etc.). A signed, dated and complete contributor card is also required for all cash contributions.

Proof of San Francisco residency is required for non-cash contributions when a contributor's San Francisco residential address is not pre-printed on his/her personal check or when the billing address (not shipping or mailing address) on the account of a credit card contributor is not a San Francisco residential address.

### **One Check from Two Accountholders**

A contribution that is drawn on the account of two accountholders (i.e., a check with two names on it) is considered to be from the accountholder who signs the check. Therefore, if the check is intended to be from both accountholders, they should both sign the check or the person who did not sign the check must provide a signed statement (signed at the time the contribution was made) identifying the portion of the check that should be attributed to him/her.

## VIII. Review of Application

The Executive Director will review your Qualifying Request and supporting documentation to determine if you are eligible to receive public funds. The Executive Director may audit your committee records, interview contributors and take whatever steps he or she deems necessary to determine eligibility.

See S.F. C&GC Code § 1.142(c).

### What happens if you are certified?

If the Executive Director determines that you have satisfied all the requirements set forth in section 1.140 of CFRO, he or she will notify you, and certify to the Controller, that you are eligible to receive public funds. The Executive Director will make the determination whether or not to certify you within 30 days from the date that you submit your Qualifying Request and supporting documentation, but not later than the 55<sup>th</sup> day before the election (April 11, 2018).

Under regulations adopted by the Ethics Commission, the Executive Director may conditionally certify you if you satisfy all the requirements of section 1.140 except that you are not yet opposed by another candidate who has either established eligibility to receive public financing or who has received contributions or made expenditures that equal or exceed \$50,000.

See S.F. C&GC Code § 1.142; SFEC Regulations § 1.142-6.

### Payment is not final determination

A payment of public funds to the candidate does not constitute a final determination of the amount that the candidate is entitled to receive. Post-election audits may lead to a determination that payments to the candidate were in excess, in which case the Ethics Commission will notify the Controller and the candidate. In addition to any other penalties, the candidate must pay back an amount equal to the amount of excess payments.

#### Example:

A candidate uses public funds to pay for post-election bonuses to campaign employees or for a victory party. Because public funds may not be used to pay for these expenditures, the candidate must return to the Election Campaign Fund the amount of public funds used to pay the improper expenditures. (The candidate may also be subject to enforcement penalties.)

### What happens if you are not certified?

If your Qualifying Request or supporting documentation is incomplete or otherwise inadequate to establish eligibility, you will not be certified. The Executive Director will notify you and within five business days of the notice date, you may *resubmit* the Qualifying Request and supporting documentation. If you do not resubmit by the deadline, the Executive Director's decision not to certify you is final. If, after reviewing the resubmitted material, the Executive Director declines to certify you, you may be given additional opportunities to resubmit your Qualifying Request and supporting documentation at the Executive Director's discretion. If you fail to resubmit or if no resubmissions are permitted, the Executive Director's decision is final.

You may appeal the Executive Director's decision to the Ethics Commission by delivering a written appeal to the Commission within five calendar days of the Executive Director's notification of ineligibility following resubmission.

### What if you withdraw or fail to qualify to have your name on the ballot?

If you withdraw or fail to qualify to have your name printed on the ballot in the election for which the public funds were provided, you must repay to the Election Campaign Fund the full sum of public funds you received from the Fund. In addition, if you cease to be a candidate, you must either return contributions you received to persons who made such contributions on a last-in, first-out basis, donate such contributions to the City or a charitable organization, or use the contributions to pay outstanding campaign debts or expenses associated with terminating a committee.

See S.F. C&GC Code §§ 1.122(b) and 1.148(b).

## IX. Disbursement of Public Funds

### When will you receive public funds if you are certified?

The earliest date on which you may receive public funds is January 15, 2018. Mayoral candidates who have been certified as eligible to receive public financing for their election campaigns have access to funds from the Election Campaign Fund on a first-come, first-served basis based on the date and time that each claim is received by the Ethics Commission.

### How much public funding will you receive initially?

Once you are certified as eligible to receive public funds, the Controller will pay you an initial amount of \$100,000 from the Election Campaign Fund. After the initial payment, you may submit the required forms and documentation to demonstrate matching contributions.

See S.F. C&GC Code § 1.144(c)(1)

### How can you obtain public funds?

The Controller’s office will electronically transfer funds to your campaign contribution trust account. To set up electronic deposits to your committee’s bank account, you must submit form W-9 to the Ethics Commission to obtain a vendor identification number. The Commission will forward the W-9 form to the Controller’s office. After you receive the vendor identification number, please visit the Controller’s website at <http://www.sfcontroller.org/> to register your committee as a vendor using the vendor identification number assigned to you.

### Can you receive more funds after the initial payment?

After the initial payment of \$100,000, for each dollar of matching contributions that you raise up to \$425,000, you will receive two dollars from the Election Campaign Fund. Thereafter, for each additional dollar of matching contributions that you raise up to \$25,000 (non-incumbents) or \$12,500 (incumbents), you will receive one dollar from the Election Campaign Fund. The maximum amount you may receive is \$975,000 (non-incumbents) or \$962,500 (incumbents).

	Private Funds Raised by Non-Incumbents	Matching Public Funds	Private Funds Raised by Incumbents	Matching Public Funds
<b>Initial</b>	\$50,000	\$100,000	\$75,000	\$100,000
1:2	\$425,000	\$850,000	\$425,000	\$850,000
1:1	\$25,000	\$25,000	\$12,500	\$12,500
<b>Total</b>	<b>\$500,000</b>	<b>\$975,000</b>	<b>\$512,500</b>	<b>\$962,500</b>
<b>Total Public and Private Funds</b>	<b>\$1,475,000</b>		<b>\$1,475,000</b>	

See S.F. C&GC Code § 1.144(c)

## X. The “Matching Contribution”

A matching contribution (a candidate committee may submit an application to receive matching contributions only after the candidate committee has been certified to receive public funding):

- ✓ is a contribution up to \$500;
- ✓ has not already been counted as a qualifying contribution (Example: If the Ethics Commission counts the first \$100 of a \$250 contribution as a “qualifying contribution,” you may claim the remaining \$150 as a “matching contribution”);
- ✓ is made by an individual who is a San Francisco resident;
- ✓ is made within 18 months prior to election (not sooner than December 5, 2016 and not later than March 26, 2018); and
- ✓ is supported by appropriate documentation.

Matching contributions do not include contributions that are:

- ✗ already counted as qualifying or matching contributions;
- ✗ loans;
- ✗ from the candidate or his/her immediate family;
- ✗ made in violation of local or state law;
- ✗ drawn on a business account. A business entity includes a “sole proprietorship” ;
- ✗ not accompanied by adequate supporting documentation;
- ✗ not made by an individual who is a San Francisco resident;
- ✗ not accompanied by a signed and dated contributor card. A completed contributor card must be signed and dated at the time the contributor makes the cash contribution (applies to contributions made by cash, money order, travelers/cashiers/official check);
- ✗ contributed to support the candidate’s election to a different office or a different term;
- ✗ bounced checks; or
- ✗ non-monetary contributions.



Reminder: No corporation<sup>3</sup> may make a contribution to a candidate committee, even if the candidate committee does not apply and/or qualify for public financing.

See S.F. C&GC Code § 1.104

### **How do you make a claim for additional public funds?**

The information required in the forms and documentation will be very similar to the information and documentation required for establishing eligibility to participate in public financing program. You may file claims for additional public funds by submitting a *Matching Request* form [Form SFEC-144(c)-1]: and a *Matching Contributions List* form [Form SFEC-144(c)-2]: to submit claims for additional public funds. The *Matching Contributions List* form [Form SFEC-144(c)-2] must also be submitted by email to the Ethics Commission with the supporting documentation.

### **Is there a minimum threshold for claims involving matching contributions?**

Yes. Any submission of a claim for public funds must include a minimum of \$5,000 of matching contributions, except that during the final 14 days before an election, a claim for public funds must include a minimum of \$1,000 of matching contributions.

### **How often may you submit a claim?**

You may submit claims for additional funds on a rolling basis after you are certified as eligible to receive public funds. This means you may submit one claim at a time.

### **When is the last day you may request matching funds?**

All claims for public funds must be submitted no later than 5:00 p.m. on the 30<sup>th</sup> day (July 5, 2018) following the date of the election.

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<sup>3</sup> The ban applies to a corporation organized pursuant to the laws of the State of California, the United States, or any other state, territory, or foreign country, whether for profit or not.

## **XI. Uses of Public Funds**

A candidate must deposit all payments received from the Ethics Commission in the candidate committee campaign contribution trust account. A candidate may use public funds to pay for qualified campaign expenditures and to repay loans used to pay for qualified campaign expenditures.

A candidate may not use public funds to pay for expenses incurred in connection with an administrative or judicial proceeding, or to pay administrative, civil or criminal fines, including late filing fines, or to pay for inaugural activities or officeholder expenses. Unexpended funds may be used to pay for expenses associated with an audit such as bank fees, treasurer fees and storage fees until the Ethics Commission completes its audit of the candidate.

### **What is a qualified campaign expenditure?**

A **qualified campaign expenditure** is any expenditure that a candidate committee makes for the purpose of influencing or attempting to influence the actions of the voters for the candidate's election as Mayor. A qualified campaign expenditure includes a non-monetary contribution to the candidate committee. It also includes the total cost actually paid or incurred by a candidate committee for a slate mailing or other campaign literature produced or authorized by more than one candidate. Qualified campaign expenditures do not include expenses incurred in connection with an administrative or judicial proceeding, payments for administrative, civil or criminal fines, including late filing fines, or for inaugural activities or officeholder expenses.

Please note that expenditures are considered made when goods or services are received or when payment is made, whichever occurs first.

## XII. After the Election



### The Audit

CFRO requires the Ethics Commission to audit all candidates who are certified to receive public funds for compliance with both state and local law. The audits will commence within 60 days after your first post-election campaign report is required to be filed, which is the semi-annual report that is due on July 31, 2018.

See S.F. C&GC Code § 1.150.

### What happens if you have funds remaining in your Campaign Contingency Account?

If you have any funds remaining in your campaign contingency account after the election (you reached your trust account limit and were not able to transfer these funds to your campaign contribution trust account), you must turn over these funds to the City. Within ten days after the election, a candidate who elected to establish a CCA must submit a money order, certified check or other written instrument prepared by the financial institution, made payable to the Ethics Commission for an amount equal to the amount of funds in his/her campaign contingency account, and submit it to the Ethics Commission along with *Form SFEC-108*.

See S.F. C&GC Code § 1.108(b).

### What happens if you have funds remaining in your Campaign Contribution Trust Account?

If you receive public funds and have unexpended funds in your campaign contribution trust account after the date of the election, you must return these funds to the City for deposit into the Election Campaign Fund. You must do so no later than 30 days after the date that you are elected, defeated, withdraw, or fail to qualify; or 30 days after the date the Ethics Commission completes its audit of your campaign committee, whichever is later. You may use unexpended funds to pay for expenses associated with an audit such as bank fees, treasurer fees and storage fees until the Commission completes its audit of your committee. The amount of funds you will be required to repay will not exceed the amount of public funds that you received.

See S.F. C&GC Code § 1.148(c).

### Example:

You received \$400,000 in public funds. After the election, you have \$120,000 in unexpended funds. Even though you believe some of these funds came from your private contributors, you must pay \$120,000 to the Election Campaign Fund because all funds remaining in the candidate's account on the 30<sup>th</sup> day after the election are considered unexpended public funds regardless of the source of the funds.

### Unexpended public funds

Funds that remain in your campaign contribution trust account on the 30th day after you are elected or not elected to office, regardless of the source of the funds. Unexpended funds will not exceed the amount of public funds you received. You may use unexpended public funds to pay for expenses associated with an audit such as bank fees, treasurer fees and storage fees until the Ethics Commission completes the audit of your committee. Funds that you raise after the 30th day after you are elected or not elected to office do not constitute unexpended public funds and may be used for any lawful purpose.