

FILE NO.

LEGISLATIVE DIGEST

[Amending prohibition on political contributions by City contractors]

Ordinance amending Chapter 1 of Article I of the Campaign and Governmental Conduct Code by amending section 1.126 to allow political contributions to local elected officials by parties that receive grants from local or State agencies; to allow such contributions from parties that contract with State agencies whose board members are appointed by local elected officials; to increase the threshold so that the contractor contribution prohibition applies only to contracts or combinations of contracts worth \$100,000 or more; and to limit the definition of "person who contracts with" local agencies.

Existing Law

Existing law prohibits any person or entity from making contributions to certain San Francisco officeholders or candidates when they negotiate or enter into a contract with the City and County of San Francisco, the San Francisco Unified School District, the San Francisco Community College District, the San Francisco Health Authority, the San Francisco Housing Authority, the Industrial Development Authority, the San Francisco Parking Authority, the San Francisco Redevelopment Agency, the San Francisco Relocation Appeals Board, the Treasure Island Development Authority, or the Local Workforce Investment Board.

Under the law, no person who contracts with any of the agencies listed above may make a contribution to an individual holding or running for City elective office, or a political committee controlled by that individual – and no such individual or committee may accept the contribution – if:

1. the contract must be approved by the individual holding the office, the board on which the individual serves, or a State agency board on which an appointee of the individual serves,
2. the contract is for rendition of personal services; the furnishing of material, supplies or equipment; the sale or lease of land or building(s); or a grant, loan or loan guarantee, and
3. the contract has a total value of \$50,000 or more, or a combination or series of contracts approved by the same individual or board in one fiscal year has a value of \$50,000 or more.

The law prohibits contributions from the commencement of contract negotiations until the termination of negotiations or, if the contract is approved, until six months after the approval of the contract.

The prohibition applies to any party or prospective party to a contract, as well as all members of the party's board of directors; its chairperson, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in the party; any

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subcontractor listed in a bid or contract; and any committee sponsored or controlled by the party.

Amendments to Current Law

The proposed legislation would change the law in four ways.

First, under the proposed legislation, the prohibition would not be triggered by grant agreements. Under the proposed legislation, the prohibition would apply only to contracts for the rendition of personal services; the furnishing of material, supplies or equipment; or the sale or lease of land or buildings.

Second, under the proposed legislation, the prohibition would not be triggered by contracts with State agencies with board members appointed by a City elective officer. Accordingly, under the proposal, the prohibition would only apply to contracts with the City, the San Francisco Unified School District and the San Francisco Community College District. The prohibition would no longer apply to contracts with the San Francisco Health Authority, the San Francisco Housing Authority, the Industrial Development Authority, the San Francisco Parking Authority, the San Francisco Redevelopment Agency, the San Francisco Relocation Appeals Board, the Treasure Island Development Authority, or the Local Workforce Investment Board.

Third, under the proposed legislation, the prohibition would apply only by contracts or combinations of contracts exceeding \$100,000 in value.

Fourth, the proposed legislation would change the list of individuals subject to the contribution prohibition by (1) excluding members of the contracting party's board of directors, and (2) applying the prohibition to individuals with a 50-percent ownership share in the contracting party, rather than a 20-percent ownership share.

Background Information

The proposal amends Article I of the Campaign & Governmental Conduct Code (the "Campaign Finance Reform Ordinance" or "CFRO"). The Campaign Finance Reform Ordinance, which was originally approved by the voters, expressly authorizes amendment by the Board of Supervisors only if:

- 1) the amendment furthers the purposes of the CFRO;
- 2) the amendment is submitted to the Ethics Commission and recommended by its members by a four-fifths vote;
- 3) the legislation is made available for public review for 30 days; and
- 4) the Board of Supervisors adopts the legislation by a two-thirds vote.

See S.F. Campaign and Governmental Conduct Code Sec. 1.103.