



City & County of San Francisco
Ethics Commission



Campaign Finance Reforms to Reinforce Contribution Limits and Ensure Accountability for Violations of City Law

April 10, 2026



A black and white photograph of an ornate doorway. The door is highly decorative with intricate carvings and scrollwork. A dark mat with the words "CITY HALL" in white, serif capital letters is placed on the floor in front of the door. A semi-transparent white rectangular box is overlaid on the center of the image, containing the word "Overview" in a bold, black, serif font. A solid light blue triangle is positioned in the top-left corner of the image.

Overview

CITY HALL

Overview

- Report seeks to identify shortcomings in current City law regarding the candidate contribution limit and how penalties are paid for violations of the Campaign and Governmental Conduct Code
- Recommends changes that:
 - Reinforce the City's existing contribution limit, and
 - Ensure accountability for violations of the law
- Two Interested Persons meetings held in March
- Presenting recommendations today for discussion only

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**Candidates Controlling
Additional Committees Not
Subject to Contribution Limit**

Background: Contribution Limit

- San Francisco has \$500 candidate contribution limit
- This limit prevents any single source from giving more than \$500 to a candidate's Candidate Committee in an election
- This contribution limit is a critical tool for preventing:
 - Quid pro quo corruption and
 - Undue influence
- This limit currently only applies to Candidate Committees:
 - The committee controlled by a candidate to support their election to City Elective Office

Background: Committee Types

In addition to a candidate's Candidate Committee, they may also control other types of committees, such as:

- Candidate Committees for County Central Committee
- Candidate-controlled Ballot Measure Committees
- Candidate-controlled General Purpose Committees
- Legal Defense Funds (LDFs)

The above are not subject to the City's candidate contribution limit, despite being controlled by candidates.

Findings

Prevalence of Multiple Controlled Committees

- Candidates regularly control multiple committees within an election cycle
 - Most often due to simultaneously running for County Central Committee seats
 - Sharp rise in candidate-controlled ballot measure committees in 2024

Election Year	Number of City Candidates with a Candidate Committee	Number of Additional Committees Controlled by Candidates per Election Cycle			
		County Central Committee Committees	Ballot Measure Committees	Legal Defense Funds	All Committee Types
2024	73	14	5	2	21
2022	40	0	0	2	2
2020	37	10	1	0	11
2019	23	0	0	1	1
2018	72	0	0	0	0
2016	43	19	0	0	19
Totals:	288	43	6	5	54

Findings

Simultaneously Controlling a Ballot Measure Committee Creates Opportunities for Candidate to Receive Additional Benefits

- **Farrell Case:** Many issues can arise when a candidate controls multiple committees while running for office, particularly when directly sharing expenses across those committees.
- Even without directly sharing expenses, ballot measure committees create opportunities for the candidate to raise and spend unlimited amounts of money on communications that may serve to advantage their campaign for City Elective Office.



Findings

Issues with Candidate's Controlling Other Committees While Running for Office

- Undermines candidate contribution limit, by allowing candidates to simultaneously control another committee, not subject to limits
- Creates opportunities for quid pro quo corruption, undue influence, or the appearance thereof – which is exactly what contribution limits are seeking to prevent
- May become even more prevalent in the future, if seen as necessary to be competitive

Recommendation

Extend the \$500 contribution limit on Candidate Committees to the other committees a candidate controls while actively running for City Elective Office.

Recommendation Cont.

This expansion of the contribution limit would be subject to certain limitations and exceptions, including:

1. Exception for Candidate Committees for County Central Committee
2. Exception for Recall Committees
3. Higher Limit on Legal Defense Funds
4. Limited Only to Candidates “Actively Running”

This rule mirrors the federal soft money rule and is narrowly targeted to reinforce the existing contribution limit and reduce the danger of quid pro quo corruption.

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Republication of Campaign Materials



Background

- Under current law, unlimited amounts of money can be raised and spend to support/oppose candidates for City Elective Office, provided that the spending is **not coordinated** with the affected candidate
- The law defines when spending is coordinated and when it is independent, this includes several rebuttable presumptions of coordination
- If there is coordination, the third-party spending is considered a contribution subject to the City's \$500 contribution limit

Background: Types of Spending

Candidate Spending

- Spending from the Candidate Committee
- Raised from contributions that are subject to the \$500 candidate contribution limit

Coordinated Spending

- Spending by a third-party, but coordinated with candidate
- Third-party can raise unlimited amounts
- Spending is considered a contribution and limited to \$500

Independent Expenditures

- Spending by a third-party, not controlled by the candidate
- Can raise unlimited funds
- Spending is not a contribution to the candidate, not subject to the limit

Findings

Current Laws Do Not Adequately Address the Republication of Campaign Materials

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Republication

- Spending by a third-party, but not directly coordinated
- Could raise unlimited amounts and the spending would not be considered a contribution, thus not subject to the \$500 limit

Findings

Example of the Republication of Campaign Materials

Exhibit 4: Images from Peskin Campaign Video B-Roll



Exhibit 5: Images from SF Working Families Advertisements



Findings

Example of the Republication of Campaign Materials

Exhibit 7: Ellen Lee Zhou for Mayor 2019 Campaign Images



Exhibit 8: Billboard Paid for by Asian American Freedom PAC



Findings

Current Laws Do Not Adequately Address the Republication of Campaign Materials

- Third-party spenders can potentially pay to republish a candidate's campaign materials while **avoiding the City's contribution limit** so long as they do not coordinate
- While some candidates may seek to "redbox" – the republication **should be considered a contribution regardless of the candidate's intent** in making the materials public.
- Other jurisdictions have rules in place that specify that the republication of candidate campaign materials shall be treated as a contribution to that campaign, and **thus subject to any applicable contribution limits**

Recommendation

Adopt a republication rule that clarifies that expenditures to disseminate, distribute, reproduce, or republish a candidate's campaign materials are contributions for the purposes of the City's candidate contribution limit.

Recommendation Cont.

- Accompanying draft regulations clarify terms and create limited exceptions around the proposed rule
- The proposed rule is similar to rules in other jurisdictions
- Important to ensuring third parties cannot spend unlimited amounts to extend a candidate campaign's reach by republishing the campaign's materials without regard of the candidate contribution limit

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**Penalties for Elected Officers
Paid by Others Through
Committees**

Background

The Campaign and Governmental Conduct Code is intended to promote integrity and the public trust by establishing clear rules and imposing meaningful consequences for violations

- The Ethics Commission is authorized to impose penalties for violations of the law
- Penalty maximums are set in the City Charter
- Penalty amounts are determined by the degree of public harm, the scope of the violations, and the respondent's ability to pay

Background

There are existing mechanisms that limit or prohibit the extent to which penalties issued to a City official can be absorbed by or passed on to others

- Annual Gift Limit for Form 700 Filers (\$630)
- Restricted Source Gift Rule
- Limitations on the Use of Candidate Committee Funds

Candidates can form **Legal Defense Funds (LDFs)** to cover attorney fees and other legal expenses arising from their campaign activities or officeholder duties

Findings

The ability to pay penalties from LDF or candidate committee funds creates dynamics that can undermine the intended impact of penalties

- This is particularly an issue for City elective officers in the context of ethics-related penalties (*as opposed to campaign finance-related penalties*)

Findings: Examples

- **Breed Legal Defense Fund Payments:** In 2021, the Ethics Commission fined Mayor Breed \$22,792 for violations related to both ethics and campaign finance laws. However, these penalties were paid through two LDFs, which each received large contributions from two wealthy contributors.
- **Peskin Legal Defense Funds Reimbursements:** In 2019, Supervisor Peskin was fined \$8,000 for campaign finance violations from his 2015 campaign. The Supervisor loaned his LDF \$27,000, which was used to cover legal costs, including the penalty. He then fundraised from contributors in the subsequent years to pay himself back the loan.

Findings: Impact on *Ethics* Penalties

Diminishes the Impact of Penalties

- Candidates and officeholders can fundraise large sums to have others indirectly pay for their penalties
- This allows penalties to be externalized, lessening the consequences for the official who broke the rules

Undermines Gift Rules

- Funds contributed to committees or LDFs are not gifts for the purposes of the gift rules
- Allows the acceptance of funds beyond the annual gift limit, and potentially from restricted sources
- Creates opportunities for wealthy contributors to curry favor with elected officials
- Creates an inequitable workaround for elected officials, not available to other City employees

Findings: Impact on *Campaign Finance-Related Penalties*

Carry some of the same negative implications as with ethics-related violations, as they can diminish accountability, however in many cases these impacts are less severe due to the nature of the violations.

- Candidates typically ***rely on professional staff*** to perform campaign finance compliance and often less involved in the routine practices that can cause violations
- Paying from Candidate Committee funds is still meaningful as it ***prevents those funds from being used for campaign or officeholder expenses*** and the candidate would need raise such funds in ***\$500 increments*** per the contribution limit
- ***Candidate Committees are held jointly and severally liable*** for campaign finance-related violations, unlike ethics-related violations that are solely the responsibility of the elected official

Recommendations

Establish limits on City elective officeholders using candidate-controlled committee funds to pay for ethics and campaign finance violations for which they are found personally liable.

Recommendations Cont.

For Ethics-related Penalties

- Prohibit City elective officers from using *any committee funds* to pay penalties

For both penalty types, LDF funds could *still be used to cover legal costs*, just not the cost of any potential penalties that may arise from the enforcement matter

For Campaign Finance-related Penalties

- Prohibit the use of *LDF funds* to pay penalties
- Allow elected officials and candidates to use committee funds to pay penalties if:
 - a) The committee is also liable for the violation, and
 - b) The official or candidate did not violate the law in a knowing or willful manner

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Next Steps



Next Steps

- Discuss the recommendations and the attached draft legislation and supporting regulations
- Staff will work with the City Attorney's Office to finalize legislation that is approved to form
- Finalized legislation can be brought to the May Commission meeting for review and a potential vote.
 - If the Commission wishes to move forward with these recommendations, Staff will begin communications with members of Board of Supervisors prior to May meeting

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Thank You!

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