



San Francisco Ethics Commission

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Date: July 6, 2026

To: Members of the Ethics Commission

From: Michael Canning, Policy & Legislative Affairs Manager
Ryan Abusaa, Senior Policy Research Specialist

Re: **AGENDA ITEM 12 – Discussion & Possible Action on Proposed Campaign Finance Reforms to Reinforce Contribution Limits and Ensure Accountability for Violations of City Law**

Summary and Action Requested

This memo presents draft legislation regarding the proposed reforms to reinforce contribution limits and ensure accountability for violations of City law. These recommendations were first presented in a policy report during the [Commission's April meeting](#), since then minor amendments have been made which are presented below. Staff recommend the Commission vote to approve the legislation presented in **Attachment 1** as amended.

Background

The Policy Division initiated work on this project earlier this year to address issues identified in recent election cycles. The [report published in April](#) focused primarily on shortcomings in current City law that undermine the City's candidate contribution limit. Gaps in the current rules have been underscored in recent enforcement matters and identified through compliance questions posed to the Commission. The recommendations in the report seek to address these shortcomings by reinforcing and expanding the City's existing candidate contribution limit.

The report's recommendations also aim to ensure that when City elective officers are found to have violated ethics or campaign finance-related rules, they cannot avoid existing gift rules and accountability by shifting their penalty burdens to committee contributors.

During the April meeting, Staff presented the findings and recommendations from the report and answered questions from the Commissioners. Staff were directed to continue moving the project forward and to return to a future meeting with a version of the legislation that could be voted on by the Commission. Staff have also met separately with the commissioners who were not present during the April meeting regarding this project. During the April meeting, the Commission received [public comment from California Common Cause](#) that was supportive of the reforms recommended in the report.

Overview of Legislation

All findings and recommendations can be reviewed directly in the [policy report published in April](#). In brief, the report makes the following recommendations:

1. **Apply the City's candidate contribution limit to other types of candidate-controlled committees** whenever those committees are controlled by a candidate actively running for City elective office.
2. **Specify that if a third party spends money to republish a candidate's campaign materials, that spending should be considered a contribution** to that candidate and be subject to the City's candidate contribution limit.
3. **Establish limits on City elective officers using committee funds to pay penalties** issued for violations of the Campaign and Governmental Conduct Code (C&GCC).

Legislation that would enact these recommendations is provided in **Attachment 1**. The attached legislation has been approved to form by the City Attorney's Office and may be voted on by the Commission. **Attachment 2** provides the corresponding legislative digest from the City Attorney's Office. A summary table of the legislation is provided in **Attachment 3**, which describes each change the legislation would enact by code section.

Draft regulations were also [provided to the Commission for review in April](#). Staff are continuing to develop these regulations, and as such they are not agendized for action today. If the attached legislation is approved by the Commission and then approved by the Board of Supervisors, Staff will return with revised regulations for the Commission to consider as part of the implementation process.

Amendments

Minor amendments have been made to the draft legislation that was presented in April. These amendments are already reflected in the attached materials. The following subsections have been amended:

- **Subsection 1.114(a)(3)**: The language regarding potential future adjustments to the contribution limit for candidate-controlled legal defense funds was amended to be consistent with other legislation before the Commission and to clarify that such adjustments would only be made to reflect changes in the California Consumer Price Index.
- **Subsection 1.114(a)(4)**: – Language was added to this subsection to specify what candidates need to do if they are controlling a committee prior to actively running for City elective office. In such instances, candidates would have 30 days to return, use, or dispose of all funds held by the committee in excess of the applicable contribution limit, using the same methods candidate's currently use when they have surplus funds after an election.

- **Subsection 1.115(b)(4):** – This subsection on rebuttable presumptions of coordination was updated so that the language used is now consistent with the language that is used in the new Subsection 1.115(d) that deals with the republication of campaign materials.

Other non-substantive changes were made to the ordinance for clarity and to conform with the best practices for legislation through collaboration with the City Attorney’s Office.

Next Steps

The Commission should consider and vote to approve the attached legislation. This legislation requires supermajority approval from both the Ethics Commission and the Board of Supervisors to be enacted. If the Commission votes to approve the attached legislation, it will be referred to the Board of Supervisors for consideration.

As this is an election year, the legislation has an operative date of no earlier than January 1, 2027. This is to avoid changing campaign finance rules in the middle of an election cycle, give the Commission sufficient time to prepare or update any relevant compliance or training materials, and give the regulated community time to prepare for these changes.

Attachments:

Attachment 1: Campaign Finance Legislation

Attachment 2: Campaign Finance Legislation Legislative Digest

Attachment 3: Overview of Campaign Finance Legislation

ATTACHMENT 1

1 [Campaign and Governmental Conduct Code - Contribution Limits, Coordination of
2 Expenditures, and Penalties]

3 **Ordinance amending the Campaign and Governmental Conduct Code to apply a**
4 **campaign contribution limit to other types of candidate-controlled committees,**
5 **including candidate-controlled ballot measure committees; create a \$10,000**
6 **contribution limit to candidate-controlled legal defense funds; specify that third party**
7 **expenditures that republish a candidate’s campaign materials are considered a**
8 **contribution to the candidate’s campaign for the purpose of the candidate campaign**
9 **contribution limit; and establish limits on the use of committee funds to pay**
10 **administrative or ethics penalties.**

11
12 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
13 **Additions to Codes** are in *single-underline italics Times New Roman font*.
14 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
15 **Board amendment additions** are in double-underlined Arial font.
16 **Board amendment deletions** are in ~~strikethrough Arial font~~.
17 **Asterisks (* * * *)** indicate the omission of unchanged Code
18 subsections or parts of tables.

19 Be it ordained by the People of the City and County of San Francisco:

20 Section 1. Article I, Chapter 1 of the Campaign and Governmental Conduct Code is
21 hereby amended by revising Sections 1.114, 1.115, and 1.170, to read as follows:

22 **SEC. 1.114. CONTRIBUTIONS – LIMITS AND PROHIBITIONS.**

23 (a) LIMITS ON CONTRIBUTIONS TO CANDIDATES.

24 (1) Contributions to Candidate Committees. No person other than a candidate
25 shall make, and no candidate for City elective office or campaign treasurer for a candidate

1 committee shall solicit or accept, any contribution which will cause the total amount
2 contributed by such person to such candidate committee in an election to exceed \$500.

3 (2) Contributions to Other Candidate-Controlled Committees. In addition to the limit
4 in subsection (a)(1) of this Section 1.114, no person other than a candidate shall make, and no
5 candidate for City elective office or candidate-controlled committee controlled by such a candidate
6 shall solicit or accept, any contribution which will cause the total amount contributed by such person to
7 such committee to exceed the limit in subsection (a)(1) per election cycle. The contribution limit in this
8 subsection (a)(2) shall not apply to:

9 (A) A committee primarily formed to support the candidate in seeking
10 election to a county central committee of a qualified political party; or

11 (B) A committee primarily formed to oppose a recall measure in which
12 the candidate is the subject of the recall.

13 (3) Notwithstanding the limitation in subsection (a)(2) the contribution limit for
14 candidate-controlled legal defense funds shall be \$10,000 per election cycle and may be adjusted by
15 the Ethics Commission to reflect changes in the California Consumer Price Index, provided that such
16 adjustments shall be rounded to the nearest \$100.

17 (4) The limitations in subsections (a)(2) and (a)(3) only apply to candidates who are
18 actively running for City elective office as further defined by Ethics Commission Regulation.

19 (A) Any candidate who controls a candidate-controlled committee prior
20 to filing a declaration of candidacy for City elective office shall return, use, or dispose of all funds held
21 by the committee in excess of the limit in subsection (a)(1) using the means specified in subsection
22 1.122(b)(4) within 30 days after the date that the candidate files a declaration of candidacy for City
23 elective office.

1 (B) The limitations in subsections (a)(2) and (a)(3) and the process
2 required in subsection (a)(4)(A) shall apply even if the candidate is no longer identified as controlling
3 the committee.

4 * * * *

5
6 **SEC. 1.115. COORDINATION OF EXPENDITURES AND REPUBLICATION OF**
7 **CANDIDATE CAMPAIGN MATERIALS.**

8 (a) **General.** An expenditure is not considered independent and shall be treated as a
9 contribution from the person making the expenditure to the candidate on whose behalf, or for
10 whose benefit the expenditure is made, if the expenditure funds a communication that
11 expressly advocates the nomination, election, or defeat of a clearly identified candidate and is
12 made under the following circumstance:

13 (1) The expenditure is made at the request, suggestion, or direction of, or in
14 cooperation, consultation, concert, or coordination with, the candidate on whose behalf, or for
15 whose benefit, the expenditure is made; or

16 (2) The communication funded by the expenditure is created, produced, or
17 disseminated:

18 (A) After the candidate has made or participated in making any
19 decision regarding the content, timing, location, mode, intended audience, volume of
20 distribution, or frequency of placement of the communication; or

21 (B) After discussion between the creator, producer or distributor of
22 a communication, or the person paying for that communication, and the candidate or
23 committee regarding the content, timing, location, mode, intended audience, volume of
24 distribution, or frequency of placement of that communication, the result of which is
25 agreement on any of these topics.

1 **(b) Rebuttable Presumption of Coordination.** In addition to ~~§~~subsection (a) of this
2 ~~§~~section 1.115, there shall be a presumption that an expenditure funding a communication that
3 expressly advocates the nomination, election or defeat of a clearly identified candidate is not
4 independent of the candidate on whose behalf or for whose benefit the expenditure is made,
5 when:

6 (1) It is based on information about the candidate or committee's campaign
7 needs or plans provided to the spender by the candidate;

8 (2) It is made by or through any agent of the candidate in the course of the
9 agent's involvement in the current campaign;

10 (3) The spender retains the services of a person, including a campaign
11 consultant, who provides, or has provided, the candidate with professional services related to
12 campaign or fund raising strategy for that same election;

13 (4) The communication disseminates, distributes, reproduces, or republishes, in
14 whole or in part, campaign materials prepared, produced, disseminated, distributed, or published by
15 the candidate, the candidate's candidate committee, or agents thereof~~replicates, reproduces,~~
16 ~~republishes or disseminates, in whole or in substantial part, a communication designed, produced, paid~~
17 ~~for or distributed by the candidate;~~ or

18 (5) In the same election that the expenditure is made, the spender or
19 spender's agent is serving or served in an executive or policymaking role for the candidate's
20 campaign or participated in strategy or policy making discussions with the candidate's
21 campaign relating to the candidate's pursuit of election to office and the candidate is pursuing
22 the same office as a candidate whose nomination or election the expenditure is intended to
23 influence.

1 (c) **Exceptions.** Notwithstanding the foregoing, an expenditure shall not be
2 considered a contribution under subsections (a) and (b) of this Section 1.115 to a candidate merely
3 because:

4 (1) The spender interviews a candidate on issues affecting the spender;

5 (2) The spender has obtained a photograph, biography, position paper,
6 press release, or similar material from the candidate;

7 (3) The spender has previously made a contribution to the candidate;

8 (4) The spender makes an expenditure in response to a general, non-
9 specific request for support by a candidate, provided that there is no discussion with the
10 candidate prior to the expenditure relating to details of the expenditures;

11 (5) The spender has invited the candidate or committee to make an
12 appearance before the spender's members, employees, shareholders, or the families thereof,
13 provided that there is no discussion with the candidate prior to the expenditure relating to
14 details of the expenditure;

15 (6) The spender informs a candidate that the spender has made an
16 expenditure provided that there is no other exchange of information not otherwise available to
17 the public, relating to the details of the expenditure; or

18 (7) The expenditure is made at the request or suggestion of the candidate
19 for the benefit of another candidate or committee.

20 **(d) Dissemination, distribution, reproduction, or republication of candidate campaign**
21 **materials.** Notwithstanding subsections (a) through (c) of this Section 1.115, for the purposes of the
22 contribution limit in subsection 1.114(a), an expenditure shall be treated as a contribution from the
23 person making the expenditure to the candidate for whose benefit the expenditure is made, if the
24 expenditure funds a communication that disseminates, distributes, reproduces, or republishes, in whole
25 or in part, any written, graphic, audio, audiovisual, or any other form of campaign material prepared,

1 produced, disseminated, distributed, or published by the benefitting candidate, that candidate's
2 candidate committee, or agents thereof. However, such a contribution is not received or accepted by
3 the candidate, and is not required to be reported by the candidate, unless the spending is coordinated
4 as defined in subsections (a) through (c). The Ethics Commission may promulgate regulations that
5 exempt the use of certain campaign materials from being considered a contribution under this
6 subsection (d).

7 (de) **Definition.** For purposes of this Section, the terms "candidate" includes an agent
8 of the candidate when the agent is acting within the course and scope of the agency.

9

10 **SEC. 1.170. PENALTIES.**

11 (a) CRIMINAL. Any person who knowingly or willfully violates any provision of
12 this Chapter ~~1~~ shall be guilty of a misdemeanor and upon conviction thereof shall be punished
13 by a fine of not more than \$5,000 for each violation or by imprisonment in the County jail for a
14 period of not more than six months or by both such fine and imprisonment; provided, however,
15 that any willful or knowing failure to report contributions or expenditures done with intent to
16 mislead or deceive or any willful or knowing violation of the provisions of
17 Sections 1.114, 1.126, or 1.127 ~~of this Chapter 1~~ shall be punishable by a fine of not less than
18 \$5,000 for each violation or three times the amount not reported or the amount received in
19 excess of the amount allowable pursuant to Sections 1.114, 1.126, or 1.127 ~~of this Chapter 1~~,
20 or three times the amount expended in excess of the amount allowable pursuant to
21 Section 1.130 or 1.140, whichever is greater.

22 (b) CIVIL. Any person who intentionally or negligently violates any of the provisions of
23 this Chapter ~~1~~ shall be liable in a civil action brought by the City Attorney for an amount up to
24 \$5,000 for each violation or three times the amount not reported or the amount received in
25 excess of the amount allowable pursuant to Sections 1.114, 1.126, or 1.127 or three times the

1 amount expended in excess of the amount allowable pursuant to Section 1.130 or 1.140,
2 whichever is greater. In determining the amount of liability, the court may take into account the
3 seriousness of the violation, the degree of culpability of the defendant, and the ability of the
4 defendant to pay.

5 (c) ADMINISTRATIVE. Any person who violates any of the provisions of this Chapter
6 shall be liable in an administrative proceeding before the Ethics Commission held pursuant
7 to the Charter for any penalties authorized therein.

8 (d) LIMITATIONS ON USING COMMITTEE FUNDS TO PAY PENALTIES. Candidates for
9 City elective office and City elective officers are prohibited from using funds from any legal defense
10 fund that they control to pay administrative penalties arising from violations of this Chapter for which
11 they are personally liable. Administrative penalties arising from violations of this Chapter may be paid
12 using funds from other candidate-controlled committees, insofar as such committee is also liable for the
13 violations in question, unless the candidate or City elective officer personally violated this Chapter in a
14 knowing or willful manner.

15 (de) LATE FILING FEES

16 (1) **Fees for Late Paper Filings.** In addition to any other penalty, any person
17 who files a paper copy of any statement or report after the deadline imposed by this Chapter
18 shall be liable in the amount of ~~ten dollars (\$10)~~ per day after the deadline until the statement
19 is filed.

20 (2) In addition to any other penalty, any person who files an electronic copy of
21 a statement or report after the deadline imposed by this Chapter shall be liable in the amount
22 of ~~twenty-five dollars (\$25)~~ per day after the deadline until the electronic copy or report is filed.

23 (3) **Limitation on Liability.** Liability imposed by Subsection (d)(1) shall not
24 exceed the cumulative amount stated in the late statement or report, or ~~one hundred dollars~~
25 ~~(\$100)~~, whichever is greater. Liability imposed by Subsection (d)(2) shall not exceed the

1 cumulative amount stated in the late statement or report, or ~~two hundred fifty dollars (\$250)~~,
2 whichever is greater.

3 (4) **Reduction or Waiver.** The Ethics Commission may reduce or waive a fee
4 imposed by this subsection if the Commission determines that the late filing was not willful
5 and that enforcement will not further the purposes of this Chapter.

6 (ef) MISUSE OF PUBLIC FUNDS. Any person who willfully or knowingly uses public
7 funds, paid pursuant to this Chapter, for any purpose other than the purposes authorized by
8 this Chapter shall be subject to the penalties provided in this Section.

9 (fg) PROVISION OF FALSE OR MISLEADING INFORMATION TO THE ETHICS
10 COMMISSION; WITHHOLDING OF INFORMATION. Any person who knowingly or willfully
11 furnishes false or fraudulent evidence, documents, or information to the Ethics Commission
12 under this Chapter, or misrepresents any material fact, or conceals any evidence, documents,
13 or information, or fails to furnish to the Ethics Commission any records, documents, or other
14 information required to be provided under this Chapter shall be subject to the penalties
15 provided in this Section.

16 (gh) PERSONAL LIABILITY. Candidates and treasurers are responsible for complying
17 with this Chapter and may be held personally liable for violations by their committees. Nothing
18 in this Chapter shall operate to limit the candidate's liability for, nor the candidate's ability to
19 pay, any fines or other payments imposed pursuant to administrative or judicial proceedings.

20 (hi) JOINT AND SEVERAL LIABILITY. If two or more persons are responsible for any
21 violation of this Chapter, they shall be jointly and severally liable.

22 (ij) EFFECT OF VIOLATION ON CANDIDACY.

23 (1) If a candidate is convicted, in a court of law, of a violation of this Chapter at
24 any time prior to his or her election, his or her candidacy shall be terminated immediately and
25 he or she shall be no longer eligible for election, unless the court at the time of sentencing

1 specifically determines that this provision shall not be applicable. No person convicted of a
2 misdemeanor under this Chapter after his or her election shall be a candidate for any other
3 City elective office for a period of five years following the date of the conviction unless the
4 court shall at the time of sentencing specifically determine that this provision shall not be
5 applicable.

6 (2) If a candidate for the Board of Supervisors certified as eligible for public
7 financing is found by a court to have exceeded the Individual Expenditure Ceiling in this
8 Chapter by ten percent or more at any time prior to his or her election, such violation shall
9 constitute official misconduct. The Mayor may suspend any member of the Board of
10 Supervisors for such a violation, and seek removal of the candidate from office following the
11 procedures set forth in Charter Section 15.105(a).

12 (3) A plea of *nolo contendere*, in a court of law, shall be deemed a conviction
13 for purposes of this Section.

14

15 Section 2. Article 3, Chapter 2 of the Campaign and Governmental Conduct Code is
16 hereby amended by revising Section 3.242, to read as follows:

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18

SEC. 3.242. PENALTIES AND ENFORCEMENT.

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20 (a) **Criminal Penalties.** Any person who knowingly or willfully violates this Chapter
21 shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of
22 not more than \$10,000 for each violation or by imprisonment in the County jail for a period of
23 not more than one year in jail or by both such fine and imprisonment.

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1 (b) **Civil Penalties.** Any person who intentionally or negligently violates this Chapter
2 shall be liable in a civil action brought by the City Attorney for an amount up to \$5,000 for
3 each violation.

4 (c) **Injunctive Relief.** The City Attorney or any San Francisco resident may bring a
5 civil action on behalf of the people of San Francisco to enjoin violations of or compel
6 compliance with this Chapter-2.

7 (1) No resident may commence a civil action under this Section 3.242 without
8 first notifying the City Attorney in writing of the intent to file a civil action under this
9 Section 3.242. If the City Attorney fails to notify the resident within 120 days of receipt of the
10 notice that the City Attorney has filed or will file a civil action, the complainant may file the
11 action. No resident may file an action under this Section 3.242 if the City Attorney responds
12 within 120 days that the City Attorney intends to file an action or has already filed a civil
13 action.

14 (2) No resident may bring an action under this Section 3.242 if the Ethics
15 Commission has issued a finding of probable cause arising out of the same facts, the District
16 Attorney has commenced a criminal action arising out of the same facts, or another resident
17 has filed a civil action under this Section 3.242 arising out of the same facts.

18 (3) A court may award reasonable attorney's fees and costs to any resident
19 who obtains injunctive relief under this Section 3.242.

20 (d) **Administrative Penalties.** Any person who violates this Chapter-2 shall be liable
21 in an administrative proceeding before the Ethics Commission held pursuant to the Charter. In
22 addition to the administrative penalties set forth in the Charter, the Ethics Commission may
23 issue warning letters to City officers and employees.

24 (e) **Prohibition on Using Committee Funds to Pay for Ethics Penalties.** City elective officers
25 are prohibited from using funds from any candidate-controlled committee, as defined in Section 1.104,

1 that they control, to pay administrative penalties under subsection (d) for which they are personally
2 liable.

3 (ef) **Statute of Limitations.** No person may bring a criminal, civil or administrative
4 action under this Section 3.242 against any other person more than four years after the date
5 of the alleged violation.

6
7 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
8 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
9 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
10 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
11 additions, and Board amendment deletions in accordance with the “Note’ that appears under
12 the official title of the ordinance.

13
14 Section 4. Prerequisites for Enactment; Super-Majority Vote Requirement. The
15 enactment of Sections 1 and 2 of this ordinance is subject to provisions of the Campaign and
16 Governmental Conduct Code that require the amendments to be approved by the Ethics
17 Commission by a supermajority vote of at least four members of the Commission, and
18 approved by a supermajority vote of at least eight members of the Board of Supervisors

19
20 Section 5. Severability. If any section, subsection, sentence, clause, phrase, or word
21 of this ordinance, or any application thereof to any person or circumstance, is held to be
22 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
23 shall not affect the validity of the remaining portions or applications of the ordinance. The
24 Board of Supervisors hereby declares that it would have passed this ordinance and each and
25 every section, subsection, sentence, clause, phrase, and word not declared invalid or

1 unconstitutional without regard to whether any other portion of this ordinance or application
2 thereof would be subsequently declared invalid or unconstitutional.

3

4 Section 6. Effective Date. This ordinance shall become effective on the 31st day after
5 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
6 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
7 of Supervisors overrides the Mayor's veto of the ordinance.

8 This ordinance shall become operative on the later of January 1, 2027, or the 31st day
9 after the effective date.

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11 APPROVED AS TO FORM:
12 DAVID CHIU, City Attorney

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14 By: /s/ Michael Gerchow
MICHAEL GERCHOW
Deputy City Attorney

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4933-6525-5353

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ATTACHMENT 2

LEGISLATIVE DIGEST

[Campaign and Governmental Conduct Code - Contribution Limits, Coordination of Expenditures, and Penalties]

Ordinance amending the Campaign and Governmental Conduct Code to apply a campaign contribution limit to other types of candidate-controlled committees, including candidate-controlled ballot measure committees; create a \$10,000 contribution limit to candidate-controlled legal defense funds; specify that third party expenditures that republish a candidate's campaign materials are considered a contribution to the candidate's campaign for the purpose of the candidate campaign contribution limit; and establish limits on the use of committee funds to pay administrative or ethics penalties.

Existing Law

Current local law imposes a \$500 per-election limit on campaign contributions to a candidate's election committee and prohibits treasurers of candidate committees from soliciting or accepting any contributions exceeding that amount. Local law does not impose any contribution limit on other candidate-controlled committees, such as candidate-controlled ballot measure committees or legal defense funds.

Local law treats some third-party expenditures as contributions to a benefiting candidate if those expenditures are "coordinated" with the candidate and fund a communication that expressly advocates for the nomination, election, or defeat of a clearly identified candidate. There is a rebuttable presumption that a communication is coordinated if it replicates, reproduces, republishes, or disseminates, in whole or in substantial part, a communication designed, produced, paid for, or distributed by the candidate. There are several exceptions to this rebuttable presumption.

Local law allows the Ethics Commission to impose administrative penalties against anyone who violates local campaign finance law and local ethics law. Local law does not prohibit candidates for City elective office and City elective officers from using legal defense funds to pay administrative penalties related to campaign finance violations for which they are personally liable. Local law also does not prohibit City elective officers from using their own candidate-controlled committee funds to pay ethics fines for which they are personally liable.

Amendments to Current Law

The proposed ordinance would clarify that candidates and their committees may not solicit or accept contributions in excess of the \$500 limit. For candidates that are actively running for City elective office, the ordinance would apply the \$500 contribution limit to most candidate-controlled committees during an election cycle. The contribution limit would not apply to

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committees primarily formed to support the candidate seeking election to a county central committee of a qualified political party or to committees primarily formed to oppose a recall measure in which the candidate is the subject of the recall. For candidates actively running for elective office, this ordinance would also impose a \$10,000 per-election cycle limit on contributions to candidate-controlled legal defense funds. And candidates who control a committee before filing a declaration of candidacy for City elective office would be required to return, use, or dispose of all excess committee funds within 30 days. These new rules would apply to candidates even if they are no longer identified as controlling the committee.

Under the proposed ordinance, there would be a rebuttable presumption that a third party communication was “coordinated” – and therefore a contribution to a benefiting candidate – if the communication disseminates, distributes, reproduces, or republishes, in whole or in part, campaign materials prepared, produced, disseminated, distributed, or published by the candidate, the candidate’s candidate committee, or its agents. And the \$500 contribution limit would apply to these types of communications. But the contribution would not be considered accepted or received by the benefitting candidate unless the contribution was “coordinated.”

This amendment would prohibit candidates for City elective office and City elective officers from using funds from any legal defense fund that they control to pay administrative penalties arising from violations of local campaign finance law for which they are personally liable. Funds from other candidate-controlled committees could be used to pay these penalties if the committee was also liable for the underlying violations, unless the candidate or elective officer violated the law in a knowing or willful manner. This amendment would also prohibit City elective officers from using funds from candidate-controlled committees to pay fines for violations of ethics laws for which they are personally liable.

4925-6474-5636

ATTACHMENT 3



Attachment 3: Overview of Campaign Finance Legislation

The table below summarizes the legislation in **Attachment 1** that is currently before the Ethics Commission, which would amend the Campaign & Governmental Conduct Code (C&GCC). The table is organized by code section.

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

Type of Change & Code Section	Description of Change
<p>Amend: Article I, Chapter 1 – Section 1.114</p>	<p>Amends this section in the following ways:</p> <p>(a)(1) – Removes unnecessary reference to campaign treasurers and specifies that contributions over the \$500 limit may not be solicited or accepted by the candidate or their candidate committee, which would include the actions of the campaign treasurer.</p> <p>(a)(2) – Adds language that applies the candidate contribution from (a)(1) to other committees the candidate may control. This includes exceptions for committees primarily formed to support the candidate’s election to a county central committee and committees primarily formed to defend the candidate against a recall effort.</p> <p>(a)(3) – Establishes that notwithstanding the limitation in (a)(2), the limit for legal defense funds shall be \$10,000 per election cycle and that the Ethics Commission may adjust that limit for inflation going forward.</p> <p>(a)(4) – Clarifies that the limitations in (a)(2) and (a)(3) only apply when the candidate is actively running for City office. The subsection clarifies what candidates must do if they are controlling a committee and have raised money in excess of the limit and then begin actively running for City office. In such instances the candidate will have 30 days to return, use, or dispose of the any over-the-limit contributions as specified in subsection 1.122(b)(4). The subsection also specifies that merely relinquishing formal control of the committee does not circumvent this required process.</p>
<p>Amend: Article I, Chapter 1 – Section 1.115</p>	<p>Amends this section in the following ways:</p>

	<p>(b)(4) – Harmonizes this rebuttable presumption of coordination so it is consistent with new subsection (d).</p> <p>(c) – Clarifies that these exceptions apply to existing subsections (a) and (b), but not to the new subsection (d).</p> <p>(d) – Adds a new subsection to specify that an expenditure that disseminates, distributes, reproduces, or republishes, in whole or in part, any candidate campaign material, shall be considered a contribution for the purpose of the candidate contribution limit.</p>
<p>Amend: Article I, Chapter 1 – Section 1.170</p>	<p>Amends this section by creating a new subsection (d) that prohibits the candidates and City elective officeholders from using funds from a legal defense fund that they control to pay penalties for which they are personally liable. Penalties can be paid from other types of candidate-controlled committees, if the committees are also liable and the candidate or officeholder did not personally violate the chapter in knowing or willful manner. This chapter covers campaign finance rules.</p>
<p>Amend: Article 3, Chapter 2 – Section 3.242</p>	<p>Amends this section by creating a new subsection (d) that prohibits City elective officers from using funds from any candidate-controlled committee that they control, to pay penalties for which they are personally liable. This chapter covers ethics and conflict of interest rules.</p>