

## **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, including when a spender obtains a photograph from a candidate.

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.” The proposed ordinance also removes the candidate-provided photographs exception from the rebuttable presumption of coordination.

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.

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