J. MICHAEL CAREY
City Clerk

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

96-0536

PLACE IN FILES
AUG 02 1999
DEPUTY

July 1, 1999

City Attorney
City Clerk, Election Division
cc: Executive Officer
Ethics Commission

RE: AMENDING DIVISION 24 OF THE LAAC BY REDESIGNATING THE SECOND CHAPTER 4 (CAMPAIGN AUDITS AND INVESTIGATIONS) TO READ AS CHAPTER 5

At the meeting of the Council held June 23, 1999, the following action was taken:

Attached report adopted	
Attached motion () adopted	
Attached resolution adopted ()	
Mayor concurred	
FORTHWITH	
Ordinance adopted	X
Motion adopted to approve attached report	
Motion adopted to approve communication	
To the Mayor FORTHWITH	
Ordinance Number	172685
Publication date	7-7-99
Effective date	8-7-99
Mayor vetoed	
Mayor approved	6-29-99
Mayor failed to act - deemed approved	
Findings adopted	
Negative Declaration adopted	
Categorically exempt	

J. Michael Carey

City Clerk
bs

steno\960536

8/2/99

AN EQUAL EMPLOYMENT OPPORTUNITY – AFFIRMATIVE ACTION EMPLOYER

Recyclable and made from recycled waste.

Mayor's Time Stamp

RECEIVED

'99 JUN 25 P2:33

DEPUTY MAYOR

TIME LIMIT FILES
ORDINANCES

City Clerk's Time Stamp

RECEIVED
CITY CLERK'S OFFICE
99 JUN 25 PM 2:17
CITY CLERK
BY _____ DEPUTY

COUNCIL FILE NUMBER 96-0536 COUNCIL DISTRICT _____ JUL 06 1999

COUNCIL APPROVAL DATE June 23, 1999 LAST DAY FOR MAYOR TO ACT _____

ORDINANCE TYPE: ___ Ord of Intent ___ Zoning ___ Personnel ___ General

___ Improvement ____ LAMC __X__ LAAC __ CU or Var Appeals - CPC No _____

SUBJECT MATTER: ORDINANCE AMENDING DIVISION 24 OF THE LAAC BY REDESIGNATING THE SECOND CHAPTER 4 (CAMPAIGN AUDITS AND INVESTIGATIONS) TO READ AS CHAPTER 5

RECOMMENDATIONS:	**APPROVED**	**DISAPPROVED**
PLANNING COMMISSION	_____	_____
DIRECTOR OF PLANNING	_____	_____
CITY ATTORNEY	X	_____
CITY ADMINISTRATIVE OFFICER	X	_____
OTHER: _____	_____	_____

DATE OF MAYOR APPROVAL, DEEMED APPROVED OR *VETO: JUN 29 1999

*VETOED ORDINANCES MUST BE ACCOMPANIED WITH OBJECTIONS IN WRITING PURSUANT TO CHARTER SEC. 29

(CITY CLERK USE ONLY PLEASE DO NOT WRITE BELOW THIS LINE)

DATE RECEIVED FROM MAYOR _____ ORDINANCE NO. 172685

DATE PUBLISHED JUL 07 1999 DATE POSTED _____ EFFECTIVE DATE AUG 07 1999

ORD OF INTENT: HEARING DATE _____ ASSESSMENT CONFIRMATION _____

steno\960536a

RECEIVED
CITY CLERK'S OFFICE
99 JUN 29 PM 12: 29
CITY CLERK
BY _____
DEPUTY

ORDINANCE NO. 172685

An ordinance amending Division 24 of the Los Angeles Administrative Code to correct a typographical error.

THE PEOPLE OF THE CITY OF LOS ANGELES DO ORDAIN AS FOLLOWS:

Section 1. Division 24 of the Los Angeles Administrative Code is hereby amended by redesignating the second **Chapter 4** (Campaign Audits and Investigations) to read as **Chapter 5**.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and cause the same to be published in some daily newspaper printed and published in the City of Los Angeles.

I hereby certify that the foregoing ordinance was introduced at the meeting of the Council of the City of Los Angeles JUN 16 1999 **and was passed at its meeting of** JUN 23 1999.

J. MICHAEL CAREY, City Clerk

Approved: June 29, 1999
RICHARD J. RIORDAN, Mayor

Approved as to Form and Legality
JAMES K. HAHN, City Attorney

C.F. 96-0536

13

PLS SCHEDULE FOR COUNCIL CONSIDERATION ON WED., JUNE 16, 1999.

TY,

SLG

ITEM ()

96-0536 ORDINANCE FIRST CONSIDERATION relative to amending the Los Angeles Administrative Code (LAAC) to correct a typographical error.

Recommendation for Council action:

PRESENT and ADOPT accompanying ORDINANCE amending Division 24 of the LAAC by redesignating the second Chapter 4 (Campaign Audits and Investigations) to read as Chapter 5.

Fiscal Impact Statement: None submitted by the City Attorney. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

(Personnel Committee waived consideration of the above matter).

I:reports\#960536

JUN 16 1999 ORD- OVER ONE WEEK TO JUNE 23, 1999

ORD.
ADOPTED
JUN 23 1999
LOS ANGELES CITY COUNCIL

COUNCIL VOTE

16-Jun-99 10:36:10 AM, #6

Items For Which Public Hearings Have Not Been Held - Items 14-32
Voting on Item(s): 14-15,17-18,20-29,32
Roll Call

ALATORRE	Yes
BERNSON	Yes
CHICK	Yes
FEUER	Yes
GALANTER	Yes
GOLDBERG	Yes
HERNANDEZ	Yes
HOLDEN	Absent
MISCIKOWSKI	Absent
RIDLEY-THOMAS	Absent
SVORINICH	Yes
WACHS	Yes
WALTERS	Absent
*FERRARO	Yes
	Absent

Present: 10, Yes: 10 No: 0

ORD. OVER
1 WEEK -
JUNE 23, 1999

COUNCIL VOTE

23-Jun-99 10:23:36 AM, #5

Items For Which Public Hearings Have Been Held - Items 10-22
Voting on Item(s): 10-14,16,18-21
Roll Call

ALATORRE	Yes
BERNSON	Yes
CHICK	Yes
FEUER	Yes
GALANTER	Yes
GOLDBERG	Yes
HERNANDEZ	Yes
HOLDEN	Absent
MISCIKOWSKI	Absent
RIDLEY-THOMAS	Yes
SVORINICH	Yes
WACHS	Absent
WALTERS	Yes
*FERRARO	Yes
	Absent

Present: 11, Yes: 11 No: 0

ORD. ADOPTED

J. MICHAEL CAREY
City Clerk

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

96-0536

April 15, 1999

RULES & ELECTIONS COMMITTEE

In accordance with Council Rules, communication from the City Attorney relative to an ordinance to amend Division 24 (streamline the regulation of campaign financing) of the Los Angeles Administrative Code to correct a typographical error, was referred on April 14, 1999, to the RULES & ELECTIONS COMMITTEE.

J. Michael Carey
City Clerk
amm

JAMES K. HAHN
CITY ATTORNEY

WRITER'S DIRECT DIAL: 213-485-6363
FAX: 213-237-0399
TTY: 213-485-1607

Office of the City Attorney
Los Angeles, California

REPORT NO. R99-0106
APR 13 1999

REPORT RE:

AN ORDINANCE TO AMEND DIVISION 24 OF THE L.A.A.C. TO CORRECT A TYPOGRAPHICAL ERROR

Honorable City Council
City of Los Angeles
Room 615, City Hall

(Council File No. 96-0536, referenced)

Honorable Members:

Transmitted herewith is a draft ordinance to amend Division 24 of the Los Angeles Administrative Code to correct a typographical error.

Very truly yours,

JAMES K. HAHN, City Attorney

By
ANTHONY SAUL ALPERIN
Assistant City Attorney

RECEIVED
CITY CLERK'S OFFICE
99 APR 14 AM 9:20
CITY HALL
BY

ASA:ls
Attachment

36195

RULES & ELECTIONS

APR 14 1999

ORDINANCE NO. _____

An ordinance amending Division 24 of the Los Angeles Administrative Code to correct a typographical error.

THE PEOPLE OF THE CITY OF LOS ANGELES DO ORDAIN AS FOLLOWS:

Section 1. Division 24 of the Los Angeles Administrative Code is hereby amended by redesignating the second **Chapter 4** (Campaign Audits and Investigations) to read as **Chapter 5.**

Sec. 2. The City Clerk shall certify to the passage of this ordinance and cause the same to be published in some daily newspaper printed and published in the City of Los Angeles.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

J. MICHAEL CAREY, City Clerk

By _____
Deputy

Approved _____

_____
Mayor

Approved as to Form and Legality

4-12-99

James K. Hahn, City Attorney

By _____
ANTHONY SAUL ALPERIN
Assistant City Attorney

File No. 96-0536

42264

J. MICHAEL CAREY
CITY CLERK

CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF THE
CITY CLERK
ROOM 395, CITY HALL
LOS ANGELES, CA 90012
(213) 485-5708
FAX (213) 237-0636

RICHARD J. RIORDAN
MAYOR

96-0536

PLACE IN FILES
FEB 24 1997
DEPUTY

February 4, 1997

City Attorney
City Clerk, Election Division
cc: Executive Officer
Ethics Commission

RE: AMENDING THE LOS ANGELES ADMINISTRATIVE CODE AND LOS ANGELES MUNICIPAL CODE TO STREAMLINE THE REGULATION OF CAMPAIGN FINANCING AND AMENDING CEC FORM 20 (STATEMENT OF ACCEPTANCE OR REJECTION OF MATCHING FUNDS)

At the meeting of the Council held January 22, 1997, the following action was taken:

Attached report adopted	X
" motion " ( )	
" resolution " ( )	
Ordinances adopted	X
Motion adopted to approve attached report	
" " " " communication	
To the Mayor FORTHWITH	
Ordinance Numbers	171498, 171499 & 171500
Publication date	2-5-97
Effective date	3-8-97
Mayor vetoed	
Mayor approved	1-31-97
Mayor failed to act - deemed approved	
Findings adopted	
Negative Declaration adopted	
Categorically exempt	
Generally exempt	
EIR certified	
Tract map approved for filing with the County Recorder	
Parcel map approved for filing with the County Recorder	
Bond approved is No. _____ of Contract	
Agreement mentioned therein is/are No. _____ _____ of contracts	

J. Michael Carey

City Clerk
bs

steno\960536

2/21/97

Recyclable and made from recycled waste.

Mayor's Time Stamp

RECEIVED
'97 JAN 24 P4:48
DEPUTY MAYOR

TIME LIMIT FILES
ORDINANCES

City Clerk's Time Stamp

RECEIVED
CITY CLERK'S OFFICE
97 JAN 24 PM 4:41
CITY CLERK
BY _____ DEPUTY

COUNCIL FILE NUMBER 96-0536 COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE JANUARY 22, 1997 LAST DAY FOR MAYOR TO ACT FEB 03 1997

ORDINANCE TYPE: __ Ord of Intent __ Zoning __Personnel _X_ General

__ Improvement _X_ LAMC _X_ LAAC __ CU or Var Appeals - CPC No _____

SUBJECT MATTER: (1) REPEALING SUBSECTION A OF SECTION 49.7.15 AND SECTION 49.7.17, AND AMENDING SUBSECTIONS A THROUGH D OF SECTION 49.7.13 OF THE LAMC, AND ADDING A NEW SUBDIVISION E TO SECTION 49.7.19 OF THE LAMC TO STREAMLINE THE REGULATION OF CAMPAIGN FINANCING.

(2) REDESIGNATING AND AMENDING SECTION 20.49 OF THE LAAC, AMENDING SECTION 24.5 OF THE LAAC AND ADDING A NEW CHAPTER 4 TO DIVISION 24 OF THE LAAC IN ORDER TO STREAMLINE THE REGULATION OF CAMPAIGN FINANCING.

(3) AMENDING ORDINANCE 168,502 BY AMENDING CEC FORM 20 (STATEMENT OF ACCEPTANCE OR REJECTION OF MATCHING FUNDS).

RECOMMENDATIONS:	**APPROVED**	**DISAPPROVED**
PLANNING COMMISSION	____	____
DIRECTOR OF PLANNING	____	____
CITY ATTORNEY	X	____
CITY ADMINISTRATIVE OFFICER	____	____
OTHER: _____	____	____

DATE OF MAYOR APPROVAL, DEEMED APPROVED OR *VETO: JAN 31 1997
*VETOED ORDINANCES MUST BE ACCOMPANIED WITH OBJECTIONS IN WRITING PURSUANT TO CHARTER SEC. 29

(CITY CLERK USE ONLY PLEASE DO NOT WRITE BELOW THIS LINE)

DATE RECEIVED FROM MAYOR 1-31-97 ORDINANCE NO. 171498 + 171499 + 171500

DATE PUBLISHED 2-5-97 DATE POSTED _____ EFFECTIVE DATE 3-8-97

ORD OF INTENT: HEARING DATE _____ ASSESSMENT CONFIRMATION _____

960536.ORD

RECEIVED
CITY CLERK'S OFFICE
97 JAN 31 PM 4:08
BY CITY CLERK
DEPUTY

ORDINANCE NO. 171498

An ordinance repealing Subsection A of Section 49.7.15 and Section 49.7.17, and amending Subsections A through D of Section 49.7.13 of the Los Angeles Municipal Code, and adding a new Subdivision E to Section 49.7.19 of the Los Angeles Municipal Code to streamline the regulation of campaign financing.

THE PEOPLE OF THE CITY OF LOS ANGELES

DO ORDAIN AS FOLLOWS:

Section 1. Subsection A of Section 49.7.15 of the Los Angeles Municipal Code is hereby repealed.

Sec. 2. Subsection B of Section 49.7.15 of the Los Angeles Municipal Code is hereby amended by deleting the Subsection title "B" only.

Sec. 3. Section 49.7.17 of the Los Angeles Municipal Code is hereby repealed.

Sec. 4. Subsections A, B, C and D of Section 49.7.13 of the Los Angeles Municipal Code are hereby amended to read:

A. No candidate for City Council who files a statement of acceptance of matching funds, nor any controlled committee of such candidate, shall make qualified campaign expenditures above the following amounts: $330,000 per primary election and $275,000 per general election.

B. No candidate for Controller who files a statement of acceptance of matching funds, nor any controlled committee of such candidate, shall make qualified campaign expenditures above the following amounts: $880,000 per primary election and $660,000 per general election.

C. No candidate for City Attorney who files a statement of acceptance of matching funds, nor any controlled committee of such candidate, shall make qualified campaign expenditures above the following amounts: $990,000 per primary election and $770,000 per general election.

D. No candidate for Mayor who files a statement of acceptance of matching funds, nor any controlled committee of such candidate, shall make qualified campaign expenditures above the following amounts: $2,200,000 per primary election and $1,760,000 per general election.

Sec. 5. Section 49.7.19 of the Los Angeles Municipal Code is hereby amended by adding a new Subsection E thereto to read:

E. A participant may not receive a matching funds payment unless the participant, or his or her controlled committee, has filed all previously due campaign statements required by the Political Reform Act of 1974, as amended, and Section 49.5.15 of this Code, until all such statements are filed.

22417

Sec. 6. The City Clerk shall certify to the passage of this ordinance and cause the same to be published in some daily newspaper printed and published in the City of Los Angeles.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles, at its meeting of JAN 22 1997.

J. MICHAEL CAREY, City Clerk

By _____
Deputy

Approved JAN 31 1997

_____
Mayor

Approved as to Form and Legality

Nov. 19, 1996

James K. Hahn, City Attorney

By _____
ANTHONY SAUL ALPERIN
Assistant City Attorney

File No. C.F. No. 96-0536

ORDINANCE NO. 171499

An ordinance redesignating and amending Section 20.49 of the Los Angeles Administrative Code, amending Section 24.5 of the Los Angeles Administrative Code and adding a new Chapter 4 to Division 24 of the Los Angeles Administrative Code in order to streamline the regulation of campaign financing.

THE PEOPLE OF THE CITY OF LOS ANGELES

DO ORDAIN AS FOLLOWS:

Section 1. Subsection (b) of Section 24.5 of the Los Angeles Administrative Code is hereby amended by repealing the definition of "Compliance Costs" contained therein.

Sec. 2. Subsection (c) of Section 24.5 of the Los Angeles Administrative Code is hereby amended to read:

(c) **Statement of Acceptance or Rejection of Matching Funds.**

(1) Regardless of whether a candidate elects to accept public matching funds, each candidate for elective City office must submit a Statement of Acceptance or Rejection of Matching Funds, as required by Los Angeles Municipal Code Section 49.7.18 at the time that candidate files his or her Declaration of Intent to Become a Candidate pursuant to City Elections Code Section 321. Each candidate must provide the following information on his or her Statement of Acceptance or Rejection of Matching Funds:

(A) the candidate's name, business address, and telephone number at which the candidate can be reached during regular business hours;
(B) the office the candidate is seeking;
(C) the election for which the statement is filed;
(D) whether or not the candidate elects to accept public matching funds.

(2) Each candidate who elects to decline matching

funds shall certify on his or her Statement of Acceptance or Rejection of Matching Funds that he or she understands that his or her rejection is effective for both the primary nominating and general municipal elections.

(3) Each candidate who elects to accept matching funds must also certify the following on his or her Statement of Acceptance or Rejection of Matching Funds:

(A) that he or she understands the requirements set forth in the City's Campaign Finance Ordinance (Los Angeles Municipal Code Section 49.7.1, et seq.) and understands that those requirements must be satisfied before the candidate may receive public funds; and

(B) that he or she agrees to participate in at least one debate sponsored or conducted by the Commission with his or her opponent(s) in the primary election and two debates sponsored or conducted by the Commission with his or her opponent in the general election, if applicable; and

(C) that the candidate has not made and agrees not to make any expenditures in excess of the expenditure limits of Los Angeles Municipal Code Section 49.7.13 unless those limits have been lifted as provided in Los Angeles Municipal Code Section 49.7.14; and

(D) that the candidate has not used and agrees not to use any personal funds for the election in excess of the applicable limits of Los Angeles Municipal Code Section 49.7.19 A 3; and

(E) that his or her acceptance of matching funds is effective for both the primary nominating and general municipal elections; and

(E) that if the candidate chooses to withdraw from participation in the matching funds program, he or she must do so within 7 days after the final filing date for filing a Declaration of Intention to Become a Candidate and only if another candidate for the same office rejects matching funds.

(4) Each Statement of Acceptance or Rejection must be signed by the candidate and verified under penalty of perjury.

(5) Any candidate who fails to file a Statement of Acceptance or Rejection of Matching Funds at the time that candidate files his or her Statement of Declaration of Intent to Become a Candidate may not participate in the Matching Funds Program.

(6) Any candidate who files a statement electing to receive public matching funds and who then elects to decline matching funds within seven days after the final filing date for filing a Declaration of Intent to Become a Candidate must provide a written notice to that effect. That notice shall be signed by the candidate and received by the Commission by 5:00 p.m. of the last day to withdraw from participation in the matching funds program.

Sec. 3. Section 24.5 of the Los Angeles Administrative Code is hereby amended by repealing Subsection (j).

Sec. 4. Section 20.49 of the Los Angeles Administrative Code is hereby redesignated as a new Chapter 4 of Division 24 of the Los Angeles Administrative Code and further amended to read:

CHAPTER 4

CAMPAIGN AUDITS AND INVESTIGATIONS

Sec. 24.6. **Audits and Investigation.**

A. The City Ethics Commission shall conduct audits and investigations of reports and statements, including supporting documents and records, filed by candidates for elective City office and by committees supporting or opposing such candidates. Audits and investigations shall be conducted with respect to:

1. Each candidate for election in a primary nominating election, a general municipal election, or a special election of the City, for whom $100,000 or more in contributions was raised or for whom $100,000 or more in expenditures was made in connection with such election, whether by the candidate, by a committee or committees controlled by the candidate or by a committee or committees

which participated in said election primarily in support of his or her candidacy;

2. Each controlled committee of any candidate investigated or audited pursuant to Subdivision 1 of this subsection; and

3. Each committee, other than a controlled committee, that supported or opposed a candidate investigated or audited pursuant to Subdivision 1 of this subsection, if it is determined that the committee expended more than $100,000 in connection with the election.

B. In addition to the candidates who are subject to mandatory audits pursuant to Subsection A, at least twenty per cent of all other candidates for elective City office shall be subject to investigation and audit by the City Ethics Commission on a random basis.

C. In addition to the audits and investigations referred to in Subsections A and B of this section, the City Ethics Commission may investigate and audit any reports or statements required by candidates and committees pursuant to the Political Reform Act of 1974 as amended (Government Code Section 81000, et seq.) or Los Angeles City Charter Section 312.

D. Investigations and audits performed pursuant to this section shall comply with requirements for audits contained in the Political Reform Act of 1974 as amended and applicable regulations.

Sec. 5. The City Clerk shall certify to the passage of this ordinance and cause the same to be published in some daily newspaper printed and published in the City of Los Angeles.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles, at its meeting of JAN 22 1997.

ELIAS MARTINEZ, City Clerk

By _____
Deputy

Approved JAN 31 1997

_____
Mayor

Approved as to Form and Legality

5-13-96

James K. Hahn, City Attorney

By _____
ANTHONY SAUL ALPERIN
Assistant City Attorney

File No. CF 96-0536

ORDINANCE NO. 171500

An ordinance amending Ordinance No. 168,502 by amending CEC Form 20 (Statement of Acceptance or Rejection of Matching Funds).

THE PEOPLE OF THE CITY OF LOS ANGELES

DO ORDAIN AS FOLLOWS:

Section 1. Ordinance No. 168.502 is hereby amended by amending CEC Form 20, Statement of Acceptance or Rejection of Matching Funds, so that will read as set forth in the regulation of the City Ethics Commission approved by the City Ethics Commission pursuant to Subsections L and M of Section 600 of the Los Angeles City Charter, approved on May 2, 1996, 1996, which regulation is contained in Council File No. 96-0536. Upon this ordinance becoming effective, CEC Form 20, as amended by this ordinance, shall be used for its intended purpose in connection with the City's Public Matching Funds program.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and cause the same to be published in some daily newspaper printed and published in the City of Los Angeles.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles, at its meeting of JAN 22 1997.

ELIAS MARTINEZ, City Clerk

By _____ Deputy

Approved JAN 31 1997

_____ Mayor

Approved as to Form and Legality

1-13-96

James K. Hahn, City Attorney

By _____
ANTHONY SAUL ALPERIN
Assistant City Attorney

File No. CF 96-0536

35/

RULES AND ELECTIONS COMMITTEE
Report ~~/Communication~~ for Signature

Council File Number 96-0536

Committee Meeting Date 9-11-96

Council Date 1-21-97

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER FEUER, Chair	✓		
COUNCILMEMBER FERRARO	✓		
~~COUNCILMEMBER ALATORRE~~			✓

Remarks Streamline Campaign Regulations
3 Ordinances

Konrad Carter, Legislative Assistant ♦♦♦♦♦ Telephone 485-4467

File No. 96-0536

TO THE COUNCIL OF THE CITY OF LOS ANGELES

Your RULES AND ELECTIONS Committee reports as follows:

	Yes	No
Public Comments:	X	

RULES AND ELECTIONS COMMITTEE REPORT and ORDINANCES (3) relative to amending the Los Angeles Administrative Code (LAAC) and Los Angeles Municipal Code (LAMC) to streamline the regulation of campaign financing and amending CEC Form 20 (Statement of Acceptance or Rejection of Matching Funds).

Recommendation for Council action:

PRESENT and ADOPT the accompanying three ORDINANCES:

1. Repealing Subsection A of Section 49.7.15 and Section 49.7.17, and amending Subsections A through D of Section 49.7.13 of the LAMC, and adding a new Subdivision E to Section 49.7.19 of the LAMC to streamline the regulation of campaign financing.

2. Redesignating and amending Section 20.49 of the LAAC, amending Section 24.5 of the LAAC and adding a new Chapter 4 to Division 24 of the LAAC in order to streamline the regulation of campaign financing.

3. Amending Ordinance 168,502 by amending CEC Form 20 (Statement of Acceptance or Rejection of Matching Funds).

Fiscal Impact Statement: None received from the City Attorney.

SUMMARY

In her March 22, 1996 report, the Executive Director of the City Ethics Commission indicated that having administered the public matching funds program in the 1993 and 1995 municipal elections and having audited a number of campaign committees, the Ethics Commission undertook a thorough review of the Campaign Finance Ordinance and the Matching Funds Program Regulations. Based on that review, the Commission identified several changes which would (1) eliminate unnecessary filings by candidates; (2) strengthen overall compliance with City laws; and (3) provide for more competitive elections. The Commission voted to recommend several amendments to the Campaign Finance Ordinance and the Matching Funds Program Regulations.

At the Rules and Elections Committee meeting of March 27, 1996, the Committee Chair considered the Ethics Commission's report (attached to the Council file) regarding its review of the Campaign Finance Ordinance and the Matching Funds Program Regulations.

After much discussion, the Chair substantially concurred in the proposed amendments contained in the report. However, the Chair recommend an additional amendment to the proposal outlined in Issue 2 (LAMC Sec. 49.7.13 A-D) to change the expenditure limit increase by 10 percent rather than the 20 percent indicated in the Commission's report. The Chair then requested the City Attorney to prepare draft ordinances reflecting the Commission's recommendations, as amended.

On September 11, 1996, the Rules and Elections Committee considered this matter in light of the City Attorney's submittal of three draft ordinances amending various provisions of the City's Campaign Finance Laws. The Ethics Commission advised, and the Committee concurred, that no action be taken on Section 4 of the proposed ordinance amending the campaign finance ordinance (Subsection A of Section 49.7.7 of the Los Angeles Municipal Code), inasmuch as the recently passed Proposition 208 establishes a fundraising window which supersedes City law. As such, the Committee requested the that the City Attorney prepare a new proposed ordinance deleting the above mentioned portion.

The City Attorney has now submitted three draft ordinances which (1) repeals Subsection A of Section 49.7.15 and Section 49.7.17, and amends Subsections A through D of Section 49.7.13 of the LAMC, and adds a new Subdivision E to Section 49.7.19 of the LAMC to streamline the regulation of campaign financing; (2) redesignate and amends Section 20.49 of the LAAC, amends Section 24.5 of the LAAC and adds a new Chapter 4 to Division 24 of the LAAC in order to streamline the regulation of campaign financing; and (3) amends Ordinance 168,502 by amending CEC Form 20 (Statement of Acceptance or Rejection of Matching Funds). Your Committee now submits these draft ordinances for Council consideration.

Respectfully submitted,

RULES AND ELECTIONS COMMITTEE

KC
1/15/97
Enc: Ordinances (3)

#960536

REPORT & ORDS ADOPTED

JAN 22 1997

LOS ANGELES CITY COUNCIL

REPORT

AGENDA NO. 33	YES: 11	NO: 0	ABS: 4	01/22/97	TIME: 10 26 30
BRAUDE.....YES	CHICK.....YES	FEUER.....YES	GALANTER.....YES		
GOLDBERG.....YES	HERNANDEZ....YES	HOLDEN.....YES	RIDLEY-THOMASYES		
SVORINICH....YES	WACHS.....YES	FERRARO.....YES	ALARCON.....ABS		
ALATORRE.....ABS	BERNSON.....ABS	WALTERS.....ABS			

3 ORDS

AGENDA NO. 33	YES: 12	NO: 0	ABS: 3	01/22/97	TIME: 10 31 42
BERNSON.....YES	BRAUDE.....YES	CHICK.....YES	FEUER.....YES		
GALANTER.....YES	GOLDBERG.....YES	HERNANDEZ....YES	HOLDEN.....YES		
RIDLEY-THOMASYES	SVORINICH....YES	WACHS.....YES	FERRARO.....YES		
ALARCON.....ABS	ALATORRE.....ABS	WALTERS.....ABS			

Petitioner(s)/communicant(s) _____

Council office(s) _____

Mayor

City Administrative Officer

✓ City Attorney

Chief Legislative Analyst

Controller

Treasurer

CERS

Aging

Airports

Animal Regulation

Building & Safety

✓ Elections Div

City Clerk, Calendar Sec.
City Clerk, Admin. Svcs.
City Clerk, Tax & Permit
✓ City Clerk, Exec. Ofcr.

Community Development Dept.

Convention Center Dept.

Cultural Affairs

Environmental Affairs

✓ Ethics Commission

Fire Dept. / Commission

General Services

Harbor

ISD

Library

Personnel

Planning

Police Dept. / Commission

Board of Public Works
PW - Bur. of Accounting
PW - Bur. of Engineering
cc: Sheryl Moore, Work Order Sect., Stop 490
PW - Bur. of Sanitation
PW - Bur. of Street Maint.
PW - Bur. of Street Lighting
PW - Management/Employee Svcs

Recreation & Parks

Telecommunications

Transportation

Water & Power

Dept. _____

Dept. _____

reports\notif'ns

RESOLUTION

WHEREAS, after administering the Matching Public Funds Program during two elections it is clear that certain provisions of the program require modification to eliminate unnecessary reporting requirements, and

WHEREAS, requiring separate designation of compliance costs imposes an additional recordkeeping burden on candidates which the compliance audits have found to be unneccessary, and

WHEREAS, candidates who fail to file state and City mandated disclosure statements in a timely fashion deprive the public of important campaign finance information and therefore, should not receive matching public funds until such statements are filed, and

WHEREAS, the current campaign fundraising window opens before most candidates, particularly challengers, are ready to begin their campaigns and advantages incumbents,

NOW, THEREFORE, BE IT RESOLVED that, pursuant to the authority of Subdivision 6 of Subsection K of Charter Section 600, the City Ethics Commission hereby recommends that the Council consider and adopt the attached proposed ordinance.

Approved by Action of the City Ethics Commission on

May 2, 1996

BY

Rebecca Avila, Executive Director
City Ethics Commission

RESOLUTION

WHEREAS, requiring separate identification of expenditures for compliance costs imposes an unnecessary burden on candidates, and

WHEREAS, clarification is needed that the act of acceptance or rejection of matching funds at the time of filing the Declaration of Intent to Become a Candidate is effective for both the primary and general elections, and

WHEREAS, the current threshold for conducting mandatory audits of campaign committees should be increased to reflect the increase in campaign spending for elective City office, and

WHEREAS, the current Administrative Code provisions requiring audits of candidates for elective City office should be redesignated to appear under the Administrative Code provisions relating to the Ethics Commission,

NOW, THEREFORE, BE IT RESOLVED that, pursuant to the authority of Subdivision 1 of Subsection L of Charter Section 600, the City Ethics Commission hereby adopts the attached regulation, in the form of an ordinance amending the Los Angeles Administrative Code, subject to the approval of this regulation by ordinance.

Approved by Action of the City Ethics Commission on

May 2, 1996

BY

Rebecca Avila, Executive Director
City Ethics Commission

ORDINANCE NO. _____

An ordinance redesignating and amending Section 20.49 of the Los Angeles Administrative Code, amending Section 24.5 of the Los Angeles Administrative Code and adding a new Chapter 4 to Division 24 of the Los Angeles Administrative Code in order to streamline the regulation of campaign financing.

THE PEOPLE OF THE CITY OF LOS ANGELES

DO ORDAIN AS FOLLOWS:

Section 1. Subsection (b) of Section 24.5 of the Los Angeles Administrative Code is hereby amended by repealing the definition of "Compliance Costs" contained therein.

Sec. 2. Subsection (c) of Section 24.5 of the Los Angeles Administrative Code is hereby amended to read:

(c) **Statement of Acceptance or Rejection of Matching Funds.**

(1) Regardless of whether a candidate elects to accept public matching funds, each candidate for elective City office must submit a Statement of Acceptance or Rejection of Matching Funds, as required by Los Angeles Municipal Code Section 49.7.18 at the time that candidate files his or her Declaration of Intent to Become a Candidate pursuant to City Elections Code Section 321. Each candidate must provide the following information on his or her Statement of Acceptance or Rejection of Matching Funds:

(A) the candidate's name, business address, and telephone number at which the candidate can be reached during regular business hours;
(B) the office the candidate is seeking;
(C) the election for which the statement is filed;
(D) whether or not the candidate elects to accept public matching funds.

(2) Each candidate who elects to decline matching

funds shall certify on his or her Statement of Acceptance or Rejection of Matching Funds that he or she understands that his or her rejection is effective for both the primary nominating and general municipal elections.

(3) Each candidate who elects to accept matching funds must also certify the following on his or her Statement of Acceptance or Rejection of Matching Funds:

(A) that he or she understands the requirements set forth in the City's Campaign Finance Ordinance (Los Angeles Municipal Code Section 49.7.1, et seq.) and understands that those requirements must be satisfied before the candidate may receive public funds; and

(B) that he or she agrees to participate in at least one debate sponsored or conducted by the Commission with his or her opponent(s) in the primary election and two debates sponsored or conducted by the Commission with his or her opponent in the general election, if applicable; and

(C) that the candidate has not made and agrees not to make any expenditures in excess of the expenditure limits of Los Angeles Municipal Code Section 49.7.13 unless those limits have been lifted as provided in Los Angeles Municipal Code Section 49.7.14; and

(D) that the candidate has not used and agrees not to use any personal funds for the election in excess of the applicable limits of Los Angeles Municipal Code Section 49.7.19 A 3; and

(E) that his or her acceptance of matching funds is effective for both the primary nominating and general municipal elections; and

(E) that if the candidate chooses to withdraw from participation in the matching funds program, he or she must do so within 7 days after the final filing date for filing a Declaration of Intention to Become a Candidate and only if another candidate for the same office rejects matching funds.

(4) Each Statement of Acceptance or Rejection must be signed by the candidate and verified under penalty of perjury.

(5) Any candidate who fails to file a Statement of Acceptance or Rejection of Matching Funds at the time that candidate files his or her Statement of Declaration of Intent to Become a Candidate may not participate in the Matching Funds Program.

(6) Any candidate who files a statement electing to receive public matching funds and who then elects to decline matching funds within seven days after the final filing date for filing a Declaration of Intent to Become a Candidate must provide a written notice to that effect. That notice shall be signed by the candidate and received by the Commission by 5:00 p.m. of the last day to withdraw from participation in the matching funds program.

Sec. 3. Section 24.5 of the Los Angeles Administrative Code is hereby amended by repealing Subsection (j).

Sec. 4. Section 20.49 of the Los Angeles Administrative Code is hereby redesignated as a new Chapter 4 of Division 24 of the Los Angeles Administrative Code and further amended to read:

CHAPTER 4

CAMPAIGN AUDITS AND INVESTIGATIONS

Sec. 24.6. **Audits and Investigation.**

A. The City Ethics Commission shall conduct audits and investigations of reports and statements, including supporting documents and records, filed by candidates for elective City office and by committees supporting or opposing such candidates. Audits and investigations shall be conducted with respect to:

1. Each candidate for election in a primary nominating election, a general municipal election, or a special election of the City, for whom $100,000 or more in contributions was raised or for whom $100,000 or more in expenditures was made in connection with such election, whether by the candidate, by a committee or committees controlled by the candidate or by a committee or committees

which participated in said election primarily in support of his or her candidacy;

2. Each controlled committee of any candidate investigated or audited pursuant to Subdivision 1 of this subsection; and

3. Each committee, other than a controlled committee, that supported or opposed a candidate investigated or audited pursuant to Subdivision 1 of this subsection, if it is determined that the committee expended more than $100,000 in connection with the election.

B. In addition to the candidates who are subject to mandatory audits pursuant to Subsection A, at least twenty per cent of all other candidates for elective City office shall be subject to investigation and audit by the City Ethics Commission on a random basis.

C. In addition to the audits and investigations referred to in Subsections A and B of this section, the City Ethics Commission may investigate and audit any reports or statements required by candidates and committees pursuant to the Political Reform Act of 1974 as amended (Government Code Section 81000, et seq.) or Los Angeles City Charter Section 312.

D. Investigations and audits performed pursuant to this section shall comply with requirements for audits contained in the Political Reform Act of 1974 as amended and applicable regulations.

Sec. 5. The City Clerk shall certify to the passage of this ordinance and cause the same to be published in some daily newspaper printed and published in the City of Los Angeles.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

ELIAS MARTINEZ, City Clerk

By _____

Deputy

Approved _____

_____

Mayor

Approved as to Form and Legality

5-13-96

James K. Hahn, City Attorney

By _____

ANTHONY SAUL ALPERIN

Assistant City Attorney

File No. CF 96-0536

RESOLUTION

WHEREAS, requiring separate identification of expenditures for compliance costs imposes an unnecessary burden on candidates, and

WHEREAS, clarification is needed that the act of acceptance or rejection of matching funds at the time of filing the Declaration of Intent to Become a Candidate is effective for both the primary and general elections, and

WHEREAS, the current threshold for conducting mandatory audits of campaign committees should be increased to reflect the increase in campaign spending for elective City office, and

WHEREAS, the current Administrative Code provisions requiring audits of candidates for elective City office should be redesignated to appear under the Administrative Code provisions relating to the Ethics Commission,

NOW, THEREFORE, BE IT RESOLVED that, pursuant to the authority of Subdivision 1 of Subsection L of Charter Section 600, the City Ethics Commission hereby adopts the attached regulation, in the form of an ordinance amending the Los Angeles Administrative Code, subject to the approval of this regulation by ordinance.

Approved by Action of the City Ethics Commission on

May 2, 1996

BY

Rebecca Avila, Executive Director
City Ethics Commission

RESOLUTION

WHEREAS, the "Statement of Acceptance or Rejection of Matching Funds" can and should be clarified to remove any doubt that acceptance or rejection of matching funds at the time of filing the Declaration of Intent to Become a Candidate is effective for both the primary and general elections,

NOW, THEREFORE, BE IT RESOLVED that, pursuant to the authority of Subdivision 1 of Subsection M of Charter Section 600, the City Ethics Commission hereby adopts the attached form, subject to the approval of this form by ordinance.

Approved by Action of the City Ethics Commission on

May 2, 1996

BY

Rebecca Avila, Executive Director
City Ethics Commission

(CEC Form 20)

LOS ANGELES CITY ETHICS COMMISSION
MATCHING FUNDS PROGRAM

STATEMENT OF ACCEPTANCE OR REJECTION OF MATCHING FUNDS

1. CANDIDATE INFORMATION

Last Name	First		M.I.
Business Address (No. & Street)			Suite or Apt. No.
City	State	Zip Code	Daytime Telephone No. ( )

2. ELECTION/OFFICE SOUGHT

Office Sought (Include Council District No. If Applicable)	Date of Election

3. CERTIFICATION BY CANDIDATE REJECTING PUBLIC MATCHING FUNDS

This is to certify that I hereby reject participation in the City's matching funds program. In so doing, I hereby forfeit the opportunity to accept any public matching funds for my campaign for the elective City office noted above in either the primary nominating or general municipal elections.

CANDIDATE SIGNATURE _____ DATE _____

4. CERTIFICATION BY CANDIDATE ACCEPTING PUBLIC MATCHING FUNDS

This is to certify that I hereby state my intent to accept public matching funds. In so doing, I declare:

I understand the requirements set forth in the City's Campaign Finance Ordinance (Los Angeles Municipal Code Section 49.7.1, et seq.) and understand that those requirements must be satisfied before I may receive public funds;

I agree to participate in at least one debate sponsored or conducted by the City Ethics Commission with my opponent(s) in the primary and two debates sponsored or conducted by the Commission with my opponent in the general election, if applicable;

I have not made and agree not to make any expenditures in violation of the expenditure limits of Los Angeles Municipal Code Section 49.7.1, et. seq.;

I have not used and agree not to use any personal funds for the election in excess of the applicable limits of Los Angeles Municipal Code Section 49.7.19 A 3;

After stating herein my intent to accept public matching funds, I may choose to withdraw from participation in the matching funds program only if another candidate for the same office rejects matching funds and only within seven (7) days after the final filing date for filing a Declaration of Intent to Become a Candidate;

I understand that my acceptance of matching funds is effective for both the primary nominating and general municipal elections; and

I understand that failure to abide by the requirements of the Los Angeles Municipal Code or the Matching Funds Program Procedural Regulations may result in the imposition of administrative, civil or criminal penalties under City Charter Section 600 and Los Angeles Municipal Code Section 49.7.1 et. seq.

I hereby declare under penalty of perjury under the laws of the State of California, that the foregoing is true and correct.

EXECUTED ON _____ AT _____

_____
CANDIDATE SIGNATURE

ORDINANCE NO. _____

An ordinance amending Ordinance No. 168,502 by amending CEC Form 20 (Statement of Acceptance or Rejection of Matching Funds).

THE PEOPLE OF THE CITY OF LOS ANGELES

DO ORDAIN AS FOLLOWS:

Section 1. Ordinance No. 168.502 is hereby amended by amending CEC Form 20, Statement of Acceptance or Rejection of Matching Funds, so that will read as set forth in the regulation of the City Ethics Commission approved by the City Ethics Commission pursuant to Subsections L and M of Section 600 of the Los Angeles City Charter, approved on May 2, 1996, 1996, which regulation is contained in Council File No. 96-0536. Upon this ordinance becoming effective, CEC Form 20, as amended by this ordinance, shall be used for its intended purpose in connection with the City's Public Matching Funds program.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and cause the same to be published in some daily newspaper printed and published in the City of Los Angeles.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____:

ELIAS MARTINEZ, City Clerk

By _____

Deputy

Approved _____

_____

Mayor

Approved as to Form and Legality

5-13-96

James K. Hahn, City Attorney

By _____

ANTHONY SAUL ALPERIN
Assistant City Attorney

File No. CF 96-0536

RESOLUTION

WHEREAS, the "Statement of Acceptance or Rejection of Matching Funds" can and should be clarified to remove any doubt that acceptance or rejection of matching funds at the time of filing the Declaration of Intent to Become a Candidate is effective for both the primary and general elections,

NOW, THEREFORE, BE IT RESOLVED that, pursuant to the authority of Subdivision 1 of Subsection M of Charter Section 600, the City Ethics Commission hereby adopts the attached form, subject to the approval of this form by ordinance.

Approved by Action of the City Ethics Commission on

May 2, 1996

BY

Rebecca Avila, Executive Director
City Ethics Commission

(CEC Form 20)

LOS ANGELES CITY ETHICS COMMISSION
MATCHING FUNDS PROGRAM

STATEMENT OF ACCEPTANCE OR REJECTION OF MATCHING FUNDS

1. CANDIDATE INFORMATION

Last Name	First		M.I.
Business Address (No. & Street)			Suite or Apt. No.
City	State	Zip Code	Daytime Telephone No. ( )

2. ELECTION/OFFICE SOUGHT

Office Sought (Include Council District No. If Applicable)	Date of Election

3. CERTIFICATION BY CANDIDATE REJECTING PUBLIC MATCHING FUNDS

This is to certify that I hereby reject participation in the City's matching funds program. In so doing, I hereby forfeit the opportunity to accept any public matching funds for my campaign for the elective City office noted above in either the primary nominating or general municipal elections.

CANDIDATE SIGNATURE _____ DATE _____

4. CERTIFICATION BY CANDIDATE ACCEPTING PUBLIC MATCHING FUNDS

This is to certify that I hereby state my intent to accept public matching funds. In so doing, I declare:

I understand the requirements set forth in the City's Campaign Finance Ordinance (Los Angeles Municipal Code Section 49.7.1, et seq.) and understand that those requirements must be satisfied before I may receive public funds;

I agree to participate in at least one debate sponsored or conducted by the City Ethics Commission with my opponent(s) in the primary and two debates sponsored or conducted by the Commission with my opponent in the general election, if applicable;

I have not made and agree not to make any expenditures in violation of the expenditure limits of Los Angeles Municipal Code Section 49.7.1, et. seq.;

I have not used and agree not to use any personal funds for the election in excess of the applicable limits of Los Angeles Municipal Code Section 49.7.19 A 3;

After stating herein my intent to accept public matching funds, I may choose to withdraw from participation in the matching funds program only if another candidate for the same office rejects matching funds and only within seven (7) days after the final filing date for filing a Declaration of Intent to Become a Candidate;

I understand that my acceptance of matching funds is effective for both the primary nominating and general municipal elections; and

I understand that failure to abide by the requirements of the Los Angeles Municipal Code or the Matching Funds Program Procedural Regulations may result in the imposition of administrative, civil or criminal penalties under City Charter Section 600 and Los Angeles Municipal Code Section 49.7.1 et. seq.

I hereby declare under penalty of perjury under the laws of the State of California, that the foregoing is true and correct.

EXECUTED ON _____ AT _____

_____
CANDIDATE SIGNATURE

35

#3

CITY OF LOS ANGELES
CALIFORNIA

CITY ETHICS COMMISSION

RAQUELLE DE LA ROCHA
PRESIDENT

TREESA WAY DRURY
VICE-PRESIDENT

EVE FISHER
EDWIN GUTHMAN
ANN PETRONI

REBECCA AVILA
EXECUTIVE DIRECTOR

CITY ETHICS COMMISSION
201 No. Los Angeles St.
L.A. Mall - Suite 2
Los Angeles, CA 90012
(213) 237-0310
(213) 485-1093 FAX

BY MESSENGER

January 21, 1997

RECEIVED
CITY CLERK'S OFFICE
97 JAN 21 AM 9:41
BY _____ CITY CLERK
DEPUTY

The Honorable City Council
City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, CA 90012

RE: COUNCIL ACTION TODAY ON PROPOSED CHANGES TO VARIOUS PROVISIONS OF CITY'S CAMPAIGN FINANCE LAWS
(Council File No. 96-0536)

Honorable Members:

The City Ethics Commission urges you to adopt the proposed streamlining and technical revisions to the City's campaign finance laws that are scheduled for Council consideration as item number three on today's Council agenda.

Based on our experience administering the law and auditing committees during the 1993 and 1995 municipal elections, the City Ethics Commission encourages you to take the following proposed actions that we believe will eliminate unnecessary filings by candidates and strengthen overall compliance with the City's campaign finance ordinance and matching funds regulations:

1. Adopt the proposed ordinance that would amend the Los Angeles Municipal Code to:

   a) repeal the unnecessary 50 percent notification requirement for candidates who are not participating in the City's matching funds program;

   b) eliminate the "compliance cost" expenditure category for candidates who participate in the matching funds program and increase their expenditure limits to include a 10 percent compliance cost figure proposed by the Rules and Elections Committee; and

   c) deny public matching funds to any candidate who fails to file required public disclosure statements.

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2. Adopt two proposed ordinances that would amend the Los Angeles Administrative Code to:

a) move current Administrative Code provisions regarding mandatory campaign audits to the Administrative Code sections relating to the City Ethics Commission and raise the threshold for conducting mandatory campaign audits from $30,000 to $100,000 in contributions raised or expenditures made;

b) amend matching funds program regulations and CEC Form 20 to clarify that a candidate's decision to accept or decline participation in the matching funds program at the time he or she files a Declaration of Intent to Become a Candidate applies to both the primary and general elections; and

c) repeal the "Certification of Expenditures Made" reporting requirement (SEC. Form 24) for matching funds participants.

We have attached additional background information on these proposals for your review. If you have any questions about these proposals or would like any other additional information, please feel free to contact me or Deputy Director, LeeAnn Pelham, at extension 7-0310.

Sincerely,

Rebecca Ávila

Rebecca Ávila
Executive Director

cc: Ron Deaton, Chief Legislative Analyst
Anthony Saul Alperin, Office of the City Attorney
Konrad Carter, Office of the City Clerk

PROPOSED CHANGES TO THE CITY'S CAMPAIGN FINANCE ORDINANCE AND MATCHING FUNDS REGULATIONS

Prepared by the City Ethics Commission
January , 1997

Proposal **Repeal unnecessary 50 percent notification requirement contained in L.A.M.C. § 49.7.15 (A) for candidates who are not participating in the matching funds program.**

The proposed ordinance would delete existing subsection 49.7.15 A and rename remaining section B as subsection A.

Background L.A.M.C. § 49.7.15 B and L.A.M.C. § 49.7.14 are two provisions of the Municipal Code that relate to the lifting of expenditure limits for matching funds participants. Both provisions were amended in early 1993. Prior to the 1993 amendments, the expenditure limit for matching funds participants was lifted when a candidate who declined matching funds received contributions or made qualified campaign expenditures equal to 50% or more of the applicable expenditure ceiling. Consequently, the 50% notification required by section 49.7.15 A was necessary so that the City Ethics Commission could notify all candidates when a nonparticipating candidate triggered the lifting of the limits.

The 1993 amendments, however, provide that the expenditure limit for matching funds participants be lifted instead when a candidate who has declined matching funds makes expenditures *exceeding* the expenditure limit. Therefore, the fifty percent notification is no longer necessary.

Proposal **Eliminate the "compliance cost" expenditure category for candidates who participate in the City's matching funds program and increase expenditure limits for program participants to include the 10 percent compliance cost figure proposed by the Rules and Elections Committee.**

The proposed ordinances would repeal L.A.M.C. § 49.7.17, which establishes the compliance cost category, and amend L.A.A.C. § 24.5 (b) to remove the definition of compliance costs contained there. The expenditure limits would be increased by 10 percent and would appear revised at LAMC § 49.7.13 A - D.

Background

Compliance costs originated as a compromise during the City Council's deliberations of the public matching funds program proposed by the Cowan Commission. Concerns were raised by some members of the Council that the proposed spending limits were too low -- particularly in light of the additional record keeping imposed by the matching funds program. Candidates, therefore, were allowed to spend an additional twenty percent of the expenditure limit for compliance costs for purposes of complying with the matching funds program requirements.

In auditing the campaigns of matching funds participants, City Ethics Commission auditors found no consistency among the types of bookkeeping, accounting, legal services, and similar expenses that committees categorized as compliance costs. In addition, extensive testing was required to verify those expenditures and committees rarely maintained sufficient records to accurately pro-rate which services were provided for purposes of complying specifically with the matching funds program and which were provided for other purposes. After examining program goals against the requirement to report compliance costs, the City Ethics Commission has concluded that the additional record keeping burden placed on the campaigns of matching funds participants to distinguish such costs from other campaign expenditures is not justified.

Instead, the City Ethics Commission recommends that the "compliance cost" category be eliminated and that the expenditure limit be increased by twenty percent to include any and all costs made by a participating candidate's campaign.

Proposal

Withhold public matching funds payments from candidates who fail to file required disclosure reports.

The proposed ordinance would add new subsection 49.7.19 E to existing City law.

Background

This provision would ensure that public funds are not distributed to a candidate who has failed to disclose his or her fundraising and expenditure activity as required by state or City law.

Proposal **Raise the threshold for conducting mandatory campaign audits from $30,000 to $100,000 in contributions raised or expenditures made.**

The proposed ordinance would amend existing L.A.A.C. Section 20.49 (which contains the audit threshold provision), and redesignate it as a new chapter 4 of L.A.A.C. Division 24 relating to Government Ethics.

Background The proposed revision will allow the City Ethics Commission to concentrate its efforts and limited staff resources on audits of candidates in which the public has the greatest interest. Campaigns with higher fundraising and expenditure activity and increased competition are those campaigns in which serious violations may be more likely to occur. Smaller campaigns will continue to be subject to the twenty percent random audit selection, thereby insuring all candidates the possibility of an audit. In addition, City law authorizes the City Ethics Commission to audit and investigate any candidate or committee at its discretion.

Proposal **Amend matching funds program regulations and the "Statement of Acceptance or Rejection of Matching Funds" (CEC Form 20) to clarify that a candidate's act of accepting or rejecting participation in the matching funds program is effective for both the primary and general elections.**

The proposed ordinances would add language to L.A.A.C. section 24.5 (c) (2) and Form CEC 20 to provide that candidates understand that his or her rejection of matching funds is effective for both the primary and general elections.

Background During the 1995 City election a candidate challenged the interpretation of this provision. This clarification would ensure that the provision is clear for all candidates.

Proposal **Repeal the Certification of Expenditures Made" reporting requirement (CEC From 24) for matching faunds participants.**

The proposed ordinance would amend the Administrative Code to repeal section 24.5 (j).

Background

Matching funds program regulations established the use of CEC Form 24 to identify campaigns' compliance costs and to help the Commission determine matching funds participants' compliance with the expenditure limits. The forms require the committee to separate compliance costs from other qualified campaign expenditures. The elimination of the compliance costs reporting category and establishment of an all-encompassing expenditure limit, however, eliminate the need for CEC Form 24.

JAMES K. HAHN
CITY ATTORNEY

Office of the City Attorney
Los Angeles, California

CRIMINAL BRANCH
(213) 485-5452
—
CIVIL BRANCH
(213) 485-6370
—
WRITER'S DIRECT DIAL
NUMBER (213) 485-5440
FAX (213) 485-8899

96-0536

REPORT NO. 96-0432
NOVEMBER 19, 1996

REPORT RE:

REVISION TO PROPOSED ORDINANCE AMENDING
VARIOUS PROVISIONS OF THE CITY'S
CAMPAIGN FINANCE LAWS

The Honorable City Council
City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

(Council File No. 96-0536 not transmitted herewith)

Honorable Members:

In response to the instructions of your Rules and Elections Committee, we previously prepared and transmitted three ordinances which amend various provisions of the City's campaign finance laws. At the suggestion of the City Ethics Commission and the request of the Chair of the Rules and Elections Committee, we have prepared and transmit herewith a new version of one of those ordinances. In general, the amendments we previously transmitted would simplify those laws and repeal provisions that no longer serve their original purpose. The attached ordinance would remove from the ordinance described in our previous report as Ordinance "A" a provision that would have changed the period of time during which candidates for City office could accept campaign contributions for use in a City election campaign. The attached ordinance is approved as to form and legality.

Current City law permits candidates for Mayor, City Attorney and Controller to accept contributions for up to 24 months prior to the election at which the candidate seeks office and for three months after that election. Candidates for Council may accept contributions for up to 18 months prior to the election at which the candidate seeks office and for three months after that election. Municipal Code § 49.7.7 A. The proposed revision would have shortened the time during which contributions could be accepted. The transmitted ordinance would eliminate that change.

We wish to point out that Proposition 208, approved by the voters on November 5, 1996, limits the time during which candidates may accept campaign contributions. Government Code § 85305. Those time limits are shorter than the limits allowed by City law, namely one year for candidates seeking citywide office and six months for candidates for the Council. Government Code § 85305(a) and (b). Although we have not reached a final determination on whether these new state law provisions preempt the City's rules, it is our tentative thinking that state law prevails. If that is the case, the period of time during which contributions can be accepted will change regardless of which ordinance is adopted.

Very truly yours,

JAMES K. HAHN, City Attorney

By
ANTHONY SAUL ALPERIN
Assistant City Attorney

ASA:rp
Transmittal

34418

J. MICHAEL CAREY
CITY CLERK

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

OFFICE OF THE
CITY CLERK
ROOM 395, CITY HALL
LOS ANGELES, CA 90012
(213) 485-5708
FAX (213) 237-0636

CF 96-0536
(File transmitted)

October 16, 1996

James K. Hahn
City Attorney
Room 1800, City Hall East
Attn: Anthony Alperin

Dear Mr. Alperin:

On September 11, 1996, the Rules and Elections Committee considered a City Ethics Commission report relative to proposed revisions to the Campaign Finance Ordinance and Matching Funds Program Regulations. Accompanying this file, the City Attorney submitted three Ordinances amending various provisions of the City's Campaign Finance Laws.

At the request of the Ethics Commission, the Committee recommended that no action be taken on Section 4 of the proposed ordinance amending the campaign finance ordinance (Subsection A of Section 49.7.7 of the Los Angeles Municipal Code) inasmuch as provisions contained in two state ballot initiatives which, if passed, would affect the fundraising window for City candidates.

The Committee requests that your Office prepare a new proposed ordinance deleting the above mentioned portion of said ordinance. Please transmit all materials to the Committee, c/o Konrad Carter, Legislative Assistant, City Clerk's Office, Room 395, City Hall.

Thank you for your cooperation in this matter.

Sincerely,

Konrad Carter
Legislative Assistant II
Rules and Elections Committee
213.485.4467

Enclosure: CF 96-0536

cc: Councilmember Michael Feuer
Attn: Carmel Sella

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RULES AND ELECTIONS COMMITTEE

Wednesday - September 11, 1996

9:00 am - Room 238 - City Hall
200 North Spring Street, Los Angeles, CA 90012

Members: Councilmember Michael Feuer, Chair
Councilmember John Ferraro
~~Councilmember Richard Alatorre~~

(Konrad Carter - Legislative Assistant - 213.485.4467)

File No.	Subject
	(1)
94-0444 CD 6	Communication from the City Attorney relative to his appointment of Ms. Eve Fisher to a full term on the City's Ethics Commission. Ms. Fisher is a resident of Council District 6, West Los Angeles Planning Area. (Current Commission Gender Composition: F=3; M=1; and 1 Vacancy) Fiscal Impact Statement submitted: No Disposition
	(2)
95-1060- S1	City Ethics Commission's July 11, 1996 report in response to Motion (Feuer - Ridley-Thomas - Chick) relative to the development of policies and procedures necessary to ensure that information and material made available to the public on the City's World Wide Web site is appropriate for dissemination at City expense and is not used for purposes inconsistent with serving the public interest. (Also referred to Information Technology & General Services Committee) Fiscal Impact Statement submitted: No Disposition
	(3)
96-0536	City Ethics Commission report relative to proposed revisions to the Campaign Finance Ordinance and Matching Funds Program Regulations; City Attorney submits three Ordinances amending various provisions of the City's Campaign Finance Laws. Fiscal Impact Statement submitted: No Disposition 2 approve / Section 4 delete

File No.	Subject
	(4)
95-1520	City Attorney communication relative to disclosing privileged communications in matters involving litigation or threatened litigation.

Fiscal Impact Statement submitted: No

Disposition

Comments from the public on items of public interest under the Committees' subject matter jurisdiction

re0911.agd

RULES AND ELECTIONS COMMITTEE

WEDNESDAY - JUNE 26, 1996

9:00 A.M. - Room 238 - City Hall
200 North Spring Street, Los Angeles, CA 90012

Members: Councilmember Michael Feuer, Chair
~~Councilmember John Ferraro~~
Councilmember Richard Alatorre

(Konrad Carter - Legislative Assistant - 213.485-4467)

FILE NO.	SUBJECT
	(1)
95-1836 S1	Motion (Holden-Ferraro) relative to prohibiting City Commissioners from fund raising for any City elective office.
	DISPOSITION
	(2)
95-1836	Ethics Commission report regarding Motion (Feuer-Goldberg) relative to proposed ordinance prohibiting registered lobbyists from fund raising for elected Officials' Office Holder Accounts.
	DISPOSITION
	(3)
96-0657	Ethics Commission and City Attorney recommendations in response to Motion (Ridley-Thomas - Feuer) relative to prohibiting City officials/commissioners from lobbying during their tenure as a commissioner.
	DISPOSITION
	(4)
96-0536	Consideration of proposed ordinance(s) to the Los Angeles Municipal Code and the Los Angeles Administrative Code relative to sections related to Campaign Financing and the Public Matching Funds Program. (City Attorney to present proposed ordinance(s))
	DISPOSITION Continued 2 wks (7-10-96)

FILE NO.	SUBJECT
	(5)
95-2087	Consideration of Ballot Resolution and Ballot Title Resolution to provide for the continuation of survivor pension benefits to qualified surviving spouse for the Safety Members' Pension Plan. (Motion (Wachs-Svorinich))
	DISPOSITION_____
	(6)
95-2046 S1	Consideration of necessary ballot resolutions and documents which will amend the City Charter relative to the Ethics Commission appointment processes.
	DISPOSITION_____
	(7)
96-0020	Motion (Braude-Feuer) relative to a comprehensive review of the City Charter to improve the operation of City Government. (Transmittals from City Council Policy Committees responding to proposed Charter changes pursuant to Council action of April 30, 1996.)
	DISPOSITION_____

COMMENTS FROM PUBLIC ON ITEMS OF PUBLIC INTEREST UNDER COMMITTEE'S SUBJECT MATTER JURISDICTION

re0626.agd

96-0536
CRIMINAL BRANCH
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CIVIL BRANCH
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—
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Office of the City Attorney
Los Angeles, California

JAMES K. HAHN
CITY ATTORNEY

REPORT NO. R96-0187

MAY 13 1996

REPORT RE:

THREE ORDINANCES AMENDING VARIOUS PROVISIONS OF THE CITY'S CAMPAIGN FINANCE LAWS

The Honorable City Council
City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

(Council File No. 96-0536 transmitted herewith)

Honorable Members:

In response to the instructions of your Rules and Elections Committee, we have prepared and transmit herewith three ordinances which amend various provisions of the City's campaign finance laws. In general, these amendments would simplify those laws and repeal provisions that no longer serve their original purpose. All three ordinances are approved as to form and legality.

Ordinance "A" repeals Municipal Code § 49.7.15 A and § 49.7.17, amends § 49.7.7 A and § 49.7.13 A through D, and adds a new Subdivision E to § 49.7.7.19. These amendments would (i) eliminate the 50% notification requirement for candidates not participating in the matching funds program, (ii) repeal a provision allowing "compliance costs" as a separate qualified campaign expense category, (iii) increase spending limits for candidates who receive matching funds in order to incorporate an allowance for compliance costs, and (iv) shorten the period during which campaign fundraising may take place.

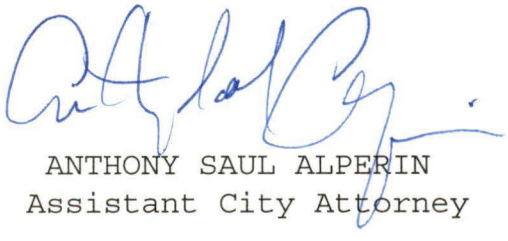
Ordinance "B" is a regulation of the City Ethics Commission. It redesignates Administrative Code § 20.49 as § 24.6 and amends the section in order to increase the mandatory audit threshold. It amends § 24.5(b) by deleting the definition of "compliance costs". It also amends § 24.5(c) to clarify that a candidate who rejects matching funds does so for both the primary and general elections, and repeals § 24.5(j) to eliminate a requirement for candidates to file forms which no longer need to be filed.

Ordinance "C" is also a regulation of the City Ethics Commission. It amends CEC Form 20, Statement of Acceptance or Rejection of Matching Funds, to make clear that a decision by a candidate to reject matching funds is effective for both the primary and general elections.

The two regulations were approved by the City Ethics Commission on May 2, 1996, and submitted to the Council for its adoption by ordinance pursuant to Charter § 600 L. Charter § 600 L 2 requires the Council to hold a public hearing concerning the matter and to act to approve or disapprove those ordinances, without modification, within 45 days after the Commission's action.

Very truly yours,

JAMES K. HAHN, City Attorney

By 

ANTHONY SAUL ALPERIN
Assistant City Attorney

Attachments
24290

ELIAS MARTINEZ
City Clerk

J. Michael Carey
Executive Officer

When making inquiries relative to this matter refer to File No.
CF 96-0536
(file transmitted)

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

March 29, 1996

James K. Hahn
City Attorney
Room 1800, City Hall East
Attn: Tony Alperin

Dear Mr. Hahn:

At the request of the Rules and Elections Committee Chairperson, I am transmitting the above referenced Council file containing the City Ethics Commission's March 22, 1996 report regarding its review of the Campaign Finance Ordinance and the Matching Funds Program Regulations. Preparation of a draft ordinance is requested.

At the Rules and Elections Committee meeting of March 27, 1996, the Chairperson substantially concurred in the proposed amendments contained in the accompanying Ethics Commission report. The Chairperson did, however, recommend an additional amendment to the proposal outlined in Issue 2 (LAMC Sec. 49.7.13 A-D) to change the expenditure limit increase by 10 percent rather than the 20 percent indicated in the Commission's report. The Chairperson requested the City Attorney to prepare a draft ordinance reflecting the Commission's amendments, as modified in Committee.

Please transmit a draft ordinance to the Rules and Elections Committee, c/o Konrad Carter, Legislative Assistant, City Clerk's Office, as soon as possible so that the matter may be scheduled for Council consideration at an early date.

Thank you for your cooperation in this matter.

Sincerely,

Konrad Carter
Legislative Assistant II
Rules and Elections Committee
(213) 485-4467

cc: Councilmember Michael Feuer
Attn: Carmel Sella

ELIAS MARTINEZ
City Clerk

J. Michael Carey
Executive Officer

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

96-0536

March 29, 1996

RULES AND ELECTIONS COMMITTEE

In accordance with Council Rules, communication from the City Ethics Commission relative to proposed revisions to the Campaign Finance Ordinance and Matching Funds Program Regulations, was referred on March 27, 1996, to the RULES AND ELECTIONS COMMITTEE.

City Clerk
amm

96-0536

CITY OF LOS ANGELES
CALIFORNIA

CITY ETHICS COMMISSION

RAQUELLE DE LA ROCHA
PRESIDENT
TREESA WAY DRURY
VICE-PRESIDENT
EVE FISHER
EDWIN GUTHMAN
ANN PETRONI

BENJAMIN BYCEL
EXECUTIVE DIRECTOR

CITY ETHICS COMMISSION
201 No. Los Angeles St.
L.A. Mall - Suite 2
Los Angeles, CA 90012
(213) 237-0310
(213) 485-1093 FAX

March 22, 1996

Honorable Members
Los Angeles City Council
City Hall, Room 395
Los Angeles, California 90012

Dear Honorable Members:

Having administered the public matching funds program in the 1993 and 1995 municipal elections and having audited a number of campaign committees, the Ethics Commission undertook a thorough review of the Campaign Finance Ordinance and the Matching Funds Program Regulations. Based on that review, the Commission identified several changes which would (1) eliminate unnecessary filings by candidates; (2) strengthen overall compliance with City laws; and (3) provide for more competitive elections. Yesterday, after notifying officeholders, candidates and treasurers of the proposed changes and receiving public comment, the Commission voted to recommend several amendments to the Campaign Finance Ordinance and the Matching Funds Regulations.

Transmitted herewith is a memorandum describing the proposed amendments and briefly discussing the issues raised by each of the proposals.

We hope you will join us in streamlining and clarifying the law regulating campaign finance and the matching funds program.

Sincerely,

Rebecca Avila

Rebecca Avila
Acting Executive Director
City Ethics Commission

enclosure

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BY._____ DEPUTY

PROPOSED REVISIONS TO THE CAMPAIGN FINANCE ORDINANCE AND MATCHING FUNDS REGULATIONS

Issue 1 **Repeal Unnecessary Notification Requirement**

Proposal Repeal L.A.M.C. § 49.7.15 (A) to eliminate the 50% notification requirement for candidates who are not participating in the matching funds program.

Background L.A.M.C. § 49.7.15 B and L.A.M.C. § 49.7.14 were amended in early 1993. Prior to the 1993 amendments, the expenditure limit for matching funds participants was lifted when a candidate who declined matching funds received contributions or made qualified campaign expenditures equal to 50% or more of the applicable expenditure ceiling. Consequently, the 50% notification required by § 49.7.15 A was necessary so that the Ethics Commission could notify all candidates when a nonparticipating candidate triggered the lifting of the limits.

The 1993 amendments, however, provide that the expenditure limit for matching funds participants be lifted only when a candidate who has declined matching funds makes expenditures *exceeding* the expenditure limit. Therefore, the fifty percent notification is unnecessary.

Issue 2 **Increase Expenditure Limits of Public Matching Funds Program to Include Compliance Costs**

Proposal Repeal L.A.M.C. § 49.7.17 which allows for compliance costs. Amend L.A.A.C. § 24.5 (b) to remove the definition of compliance costs contained therein and L.A.M.C. § 49.7.13 A - D to increase the expenditure limits by 20 percent thereby incorporating an allowance for these costs into the expenditure ceilings.

Background Compliance costs originated as a compromise during the City Council's deliberations of the public matching funds program proposed by the Cowan Commission. Concerns were raised by some members of the Council that the proposed spending limits were too low -- particularly in light of the additional record keeping imposed by the Program. Candidates were allowed to spend an additional twenty percent of the expenditure limit for compliance costs for purposes of complying with the matching funds program requirements.

In auditing the campaigns of matching funds participants, Commission auditors found no consistency among the types of bookkeeping, accounting, legal services, and similar expenses" that were categorized as compliance costs by committees. In addition, extensive testing was required to verify those expenditures and committees rarely maintained sufficient records to accurately pro-rate which services were provided for purposes of complying specifically with the matching funds program and which were provided for other purposes. After examining program goals against the requirement to report compliance costs, the Commission's staff has concluded that the additional record keeping burden placed on those campaigns to distinguish such costs from other campaign expenditures is not justified.

Instead, the Commission's staff recommends that the "compliance cost" category be eliminated and that the expenditure limit be increased to include any and all costs made by a participating candidate's campaign.

✓ L.A.M.C. § 49.7.17 should be repealed:

~~In order to permit candidates to spend necessary funds in compliance with this Article, each candidate may spend up to an additional 20% of the expenditure ceilings set forth in Section 49.7.13 on expenses for bookkeeping, accounting, legal services, and similar expenses. These costs shall be separately identified on the candidate's campaign statements.~~

L.A.A.C. § 24.5 (b) should be amended as follows:

(b) Definitions. The following terms use in this section and in Los Angeles Municipal Code Section 49.7.1, et seq., are defined below. Except as provided below, the definitions and provisions of the Political Reform Act of 1974, as amended, the regulations of the Fair Political Practices Commission, Los Angeles City Charter Sections 312 and 313, and Los Angeles Municipal Code Section 49.7.1, et seq. govern the interpretation of these regulations.

. . .

~~"Compliance Costs" means costs incurred by a candidate's campaign committee that are directly incurred for purpose of complying with requirements of Charter Sections 312 and 313, Los Angeles~~

~~Municipal Code Section 49.5.1, et seq., and this section. Such costs include, but are not limited to expenses for bookkeeping, accounting and legal services.~~

✓ L.A.M.C. § 49.7.13 should be amended as follows:

A. No candidate for City Council who files a statement of acceptance of matching funds, nor any controlled committee of such a candidate, shall make qualified campaign expenditures above the following amounts: ~~$300,000~~ $360,000 per primary election and ~~$250,000~~ $300,000 per general election.

B. No candidate for Controller who files a statement of acceptance of matching funds, nor any controlled committee of such candidate, shall make qualified campaign expenditures above the following amounts: ~~$800,000~~ $960,000 per primary election and ~~$600,000~~ $720,000 per general election.

C. No candidate for City Attorney who files a statement of acceptance of matching funds, nor any controlled committee of such candidate, shall make qualified campaign expenditures above the following amounts: ~~$900,000~~ $1,080,000 per primary election and ~~$700,000~~ $840,000 per general election.

D. No candidate for Mayor who files a statement of acceptance of matching funds, nor any controlled committee of such candidate, shall make qualified campaign expenditures above the following amounts: ~~$2,000,000~~ $2,400,000 per primary election and ~~$1,600,000~~ $1,920,000 per general election

✓ **Issue 3** **Eliminate CEC Form 24 - Certification of Expenditures Made**

Proposal ✓ Amend L.A.A.C. § 24.5 (j) which requires the filing of CEC Form 24 - Certification of Expenditures Made. The elimination of compliance costs and establishment of an all-encompassing expenditure limit will eliminate the need for the CEC Form 24 - Certification of Expenditures Made.

Background CEC Form 24 was developed for campaigns to identify compliance costs and to help the Commission determine matching funds participants' compliance with the expenditure limits. The forms require the committee to separate compliance costs from other qualified campaign expenditures.

L.A.A.C. § 24.5 (j) should be amended as follows:

(j) Expenditure Reporting

(1) All expenditures made by a participant or by his or her authorized campaign committee in connection with his or her election to elective City office are subject to the expenditure limits applicable under L.A.M.C. § 49.7.13 A through D.

~~(2) To determine the participant's compliance with the applicable expenditure limit, each participant must disclose to the Ethics Commission on a Certification of Expenditures Made (Form CEC 24) the following information:~~

~~(A) the date, amount and purpose of the qualified campaign expenditure;~~

~~(B) the date, amount and specific purpose of the compliance cost;~~

~~(C) the name and full address of each payee or creditor of each unpaid obligation incurred;~~

~~(D) total qualified campaign expenditures made for the period;~~

~~(E) total qualified campaign expenditures made to date;~~

~~(F) total compliance costs incurred for the period; and~~

~~(G) total compliance costs incurred to date.~~

~~(3) Each participant must submit his or her first Certification of Expenditures Made report 10 days after the first day that he or she may file nominating petitions for elective City office and must disclose all expenditures made for that elective City office up to but not including the first day that he or she may file such nominating petitions.~~

~~(4) Each participant shall thereafter file a Certification of Expenditures Made disclosing all expenditures since the previous reporting period and covering the same reporting period for reports required to be filed on the following dates by state and City law:~~

~~Type of Statement~~	~~Filing Deadline~~
~~1st Pre-election Report~~	~~40 days before the primary election~~
~~2nd Pre-Election Report~~	~~12 days before the primary~~
~~3rd Pre-Election Report~~	~~Friday before the primary election election~~
~~2nd Semi-Annual Report~~	~~July 31~~

~~(5) Each participant who is certified to have his or her name appear on the general or runoff election ballot shall also file Certification of Expenditures Made form that discloses all expenditures since the previous reporting period and covering the same reporting period for reports required to be filed on the following dates by state and City law:~~

~~Type of Statement~~	~~Filing Deadline~~
~~1st Pre-Runoff Report~~	~~12 days before the runoff election~~
~~2nd Pre-Runoff Report~~	~~Friday before the runoff election~~
~~2nd Semi-Annual Report~~	~~July 31~~

Issue 4 **Withhold Matching Funds Payments From Candidates Who Fail to File Disclosure Reports**

Proposal Amend the Campaign Finance Ordinance to provide that matching funds payments shall be withheld from participating candidates if they are not in compliance with the disclosure requirements of state and City law.

Background To ensure that public funds are not distributed to a candidate who has failed to disclose his or her fundraising and expenditure activity as required, the Commission's staff proposes the following language:

"The Commission shall withhold matching funds payments requested by a participant if the candidate or his or her controlled committee has failed to file any campaign statement required by the Political Reform Act or 1974, as amended, or L.A.M.C. § 49.5.15 until such statement is filed."

Issue 5 **Clarify Matching Funds Participation Form**

Proposal Amend the Matching Funds Regulations and CEC Form 20 - Statement of Acceptance or Rejection of Matching Funds to clarify that the act of acceptance or rejection of matching funds is effective for both the primary and general elections.

Background During the 1995 City election a candidate challenged the interpretation of this provision. To clarify the intent of this provision for all candidates, L.A.A.C. § 24.5 (c) should be amended as follows:

(c) Statement of Acceptance or Rejection of Matching Funds

(1) Regardless of whether a candidate elects to accept public matching funds, each candidate for elective City office must submit a Statement of Acceptance or Rejection of Matching Funds, as required by Los Angeles Municipal Code Section 49.7.18 at the time that candidate files his or her Declaration of Intent to Become a Candidate pursuant to City Elections Code Section 321. Each candidate must provide the following information on his or her Statement of Acceptance or Rejection of Matching Funds:

(A) The candidate's name, business address, and telephone number at which the candidate can be reached during regular business hours;

(B) The office the candidate is seeking;

(C) The election for which the statement is filed;

(D) whether or not the candidate elects to accept public matching funds.

(2) Each candidate who elects to decline matching funds must also certify that he or she understands that his or her rejection is effective for both the primary and general election on his or her Statement of Acceptance or Rejection of Matching Funds.

~~(2)~~(3) Each candidate who elects to accept matching funds must also certify the following on his or her Statement of Acceptance or Rejection of Matching Funds:

(A) that he or she understands the requirements set forth in the City's Campaign Finance Ordinance (Los Angeles Municipal Code Section 49.7.1, et seq.) and understands that those requirements must be satisfied before the candidate may receive public funds; and

(B) that he or she agrees to participate in at least one debate sponsored or conducted by the Commission with his or her opponent(s) in the primary election and two debates sponsored or conducted by the Commission with his or her opponent in the general election, if applicable; and

(C) that the candidate has not made and agrees not to make any expenditures in excess of the expenditure limits of Los Angeles Municipal Code Section 49.7.13 unless those limits have been lifted as provided in Los Angeles Municipal Code Section 49.7.14; and

(D) that the candidate has not used and agrees not to use any personal funds for the election in excess of the applicable limits of Los Angeles Municipal Code Section 49.7.19 A 3; and

(E) that his or her acceptance is effective for both the primary and general elections; and

~~(E)~~(F) that if the candidate chooses to withdraw from participation in the matching funds program, he or she must do so within 7 days after the final filing date for filing a Declaration of Intention to Become a Candidate and only if another candidate for the same office rejects matching funds.

~~(3)~~(4) Each Statement of Acceptance or Rejection must be signed by the candidate and verified under penalty of perjury.

~~(4)~~(5) Any candidate who fails to file a Statement of Acceptance or Rejection of Matching Funds at the time that candidate files his or her Statement of Declaration of Intent to Become a Candidate may not participate in the Matching Funds Program.

~~(5)~~(6) Any candidate who files a statement electing to receive public matching funds and who then elects to decline matching funds for filing a Declaration of Intent to Become a Candidate must provide a written notice to that effect. That notice shall be signed by the candidate and received by the Commission by 5:00 p.m. of the last day to withdraw from participation in the matching funds program.

Issue 6 **Shorten Fundraising Period**

Proposal ✓ Amend L.A.M.C. § 49.7.7 to shorten the fundraising window for campaigns for elective City office from 18 months for City Council candidates and 24 months for City-wide offices to 12 months for City Council candidates and 18 months for City-wide offices.

Background In its report, the Cowan Commission originally recommended a fund-raising window of nine months. The Commission cited three reasons for limiting the time frame during which candidates for elective City office can fund raise:

1) It prevents incumbents from accumulating large war chests which give them an unfair advantage and discourages challengers from running;

2) It limits the likelihood that officeholders will be soliciting and receiving contributions from persons with matters pending before them and any appearance that the two may be linked; and

3) Fund-raising takes time away from and, in some cases, precedence over policy-making and governing.

To determine when candidates established their campaigns and started to raise funds, the Commission analyzed the 1993 and 1995 primary elections. In the 1995 primary election, forty-three candidates filed Declarations of Intent to Solicit and Receive Contributions (Declarations) for the eight Council seats appearing on the ballot. Of these candidates, forty (or ninety-three percent) filed their Declarations within one year of the date of the election. The three candidates who began fundraising more than one year before the election were incumbents.

In the 1993 primary election, thirty-nine candidates filed Declarations for the eight Council seats appearing on the ballot and twenty-four candidates filed Declarations for the three City-wide offices. Of the thirty-nine Council candidates, thirty-six (or ninety-two percent) filed their Declarations within one year of the date of the election. Of the twenty-four City-wide candidates, twenty-one (or eighty-eight percent) filed their Declarations within one year of the date of the election.

Based on the experience of the last two elections, we believe the current fundraising window may: 1) open before most candidates, particularly challengers, are ready to begin their campaigns; and 2) provide an advantage to incumbents. However, a shorter fundraising period could be to the disadvantage of a candidate running against a well-funded opponent.

✓ L.A.M.C. § 49.7.7 should be amended as follows:

> A. No candidate for City Council or the controlled committee of such candidate shall accept any contribution more than ~~eighteen (18)~~ twelve (12) months before the date of the election at which the candidate seeks office nor more than three (3)

months after the date of the election. No candidate for Mayor, City Attorney or Controller or the controlled committee of such candidate shall accept any contribution more than ~~twenty-four (24)~~ eighteen (18) months before the date of the election at which the candidate seeks office nor more than three (3) months after the date of the election.

✓ **Issue 7** **Increase Mandatory Audit Threshold**

Proposal Amend L.A.A.C. § 20.49 to increase the current threshold for conducting mandatory audits of candidates for elective City office from $30,000 to $100,000.

Background The proposed revision will allow the Commission to concentrate its efforts and limited staff resources on audits of candidates in which the public has the greatest interest. Campaigns with higher fundraising and expenditure activity and increased competition are those campaigns in which serious violations may be more likely to occur. Smaller campaigns will continue to be subject to the twenty percent random audit selection, thereby insuring the possibility of an audit. In addition, City law authorizes the Commission to audit and investigate any candidate or committee at its discretion.