

1 [Campaign and Governmental Conduct Code - Major Donor Disclosures of Business
2 Interests]

3 **Draft Ordinance amending the Campaign and Governmental Conduct Code to require**
4 **disclosure by major donors of their financial interests, and modify disclaimer**
5 **requirements in audio and video campaign advertisements.**

6 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
7 **Additions to Codes** are *single-underline italics Times New Roman*;
8 **Deletions to Codes** are ~~*strikethrough italics Times New Roman*~~.
9 **Board amendment additions** are double underlined Arial font.
10 **Board amendment deletions** are ~~strikethrough Arial font~~.

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

12 Section 1. The San Francisco Campaign and Governmental Conduct Code is hereby
13 amended by adding Section 1.1XX., and revising Sections 1.161 and 1.162, to read as
14 follows:

15 **SEC. 1.1XX. MAJOR DONORS - FINANCIAL DISCLOSURES.**

16 **(a) Definitions. For the purposes of this Section 1.1XX:**

17 **“Business entity” shall mean any corporation, partnership, or other legal entity that is not a**
18 **natural person, but shall not include any nonprofit organization that is exempt from taxation under**
19 **Section 501(c) of the United States Internal Revenue Code.**

20 **“Committee” shall mean any committee that: (1) qualifies as committee pursuant to Section**
21 **82013 of the California Government Code, including as that Section may be amended in the future; and**
22 **(2) is required to file campaign statements with the Ethics Commission.**

23 **“Contribution” shall be defined as set forth in the California Political Reform Act, California**
24 **Government Code section 81000, et seq.**

25 **“Doing business” shall be defined as set forth in Title 2, Section 18230 of the California Code**
of Regulations.

1 “Immediate family” shall be defined as spouse, registered domestic partner, and any dependent
2 children; “dependent child” shall be defined as set forth in Title 2, Section 18229.1 of the California
3 Code of Regulations.

4 “Investment” shall be defined as set forth in Section 82034 of the California Government Code
5 and Title 2, Section 18237 of the California Code of Regulations.

6 **(b) Financial disclosures.**

7 **(1) Required disclosures.** Any entity or person who during a calendar year contributes
8 \$10,000 or more to a single committee, must disclose the following financial interests, within 24 hours
9 of meeting the \$10,000 threshold:

10 (A) All investments worth \$10,000 or more in any business entity located in or
11 doing business in San Francisco held by the contributor or a member of the contributor’s immediate
12 family; provided that the following investments do not need to be disclosed:

13 (i) government bonds (including municipal bonds), diversified mutual
14 funds, or exchange traded funds;

15 (ii) bank accounts, savings accounts, money market funds, or certificates
16 of deposit;

17 (iii) insurance policies;

18 (iv) annuities;

19 (v) commodities;

20 (vi) shares in a credit union;

21 (vii) investments in defined-benefit pension funds through a government
22 employer; and

23 (viii) investments held in a blind trust;

1 (B) All business entities located in or doing business in San Francisco in which
2 the contributor holds the position of and receives compensation as director, officer, partner, trustee,
3 employee, or any position of management.

4 (2) **Filing.** Persons required to make the disclosures required by subsection (b)(1) shall
5 disclose such information by filing a form, to be specified by the Ethics Commission, with that agency.

6 (A) For any disclosure required by subsection (b)(1)(A), the disclosure shall
7 include the name of business entity, a general description of the business entity, the nature of the
8 investment, the date on which the investment was acquired, and the fair market value of the investment.
9 The fair market value of the investment shall be disclosed according to the following ranges: \$10,000-
10 \$100,000, \$100,000-\$1,000,000 or \$1,000,000 or more.

11 (B) For any disclosure required by subsection (b)(1)(B), the disclosure shall
12 include the name of the business and a general description of the business entity.

13 (c) **Late fees; penalties.**

14 (1) **Late filing fees.** For any person who fails to submit any information required by
15 this Section 1.IXX after the applicable deadline, the Ethics Commission shall, in addition to any other
16 penalties or remedies established in this Chapter, impose a late filing fee of \$50 per day after the
17 deadline until the information is received by the Ethics Commission. The Executive Director of the
18 Ethics Commission may reduce or waive a late filing fee if the Executive Director determines that the
19 late filing was not willful and that enforcement will not further the purposes of this Section. The Ethics
20 Commission shall deposit funds collected under this Section in the General Fund of the City and
21 County of San Francisco.

22 (2) **Penalties.** Any person who knowingly or negligently violates this Chapter may be liable in
23 an administrative proceeding before the Ethics Commission pursuant to Charter Section C3.699-13. In
24 addition to the administrative penalties set forth in the Charter, the Ethics Commission may issue
25 warning letters regarding potential violations of this Chapter.

1 Section 2. The San Francisco Campaign and Governmental Conduct Code is hereby
2 amended by adding

3 **SEC. 1.161. CAMPAIGN ADVERTISEMENTS.**

4 (a) DISCLAIMERS. In addition to complying with the disclaimer requirements set forth
5 in Chapter 4 of the California Political Reform Act, California Government section 84100 et
6 seq., and its enabling regulations, all committees making expenditures which support or
7 oppose any candidate for City elective office or any City measure shall also comply with the
8 following additional requirements:

9 (1) TOP ~~TWO~~ THREE CONTRIBUTORS. The disclaimer requirements for primarily
10 formed independent expenditure committees and primarily formed ballot measure committees
11 set forth in the Political Reform Act with respect to a committee's top ~~two~~ three major
12 contributors shall apply to ~~contributors of the top three original sources of funds who have~~
13 contributed \$20,000 ~~\$10,000~~ or more. The Ethics Commission may adjust this monetary
14 threshold to reflect any increases or decreases in the Consumer Price Index. Such
15 adjustments shall be rounded off to the nearest five thousand dollars.

16 (2) WEBSITE REFERRAL. Each disclaimer required by the Political Reform Act or its
17 enabling regulations and by this section shall be followed in the same required format, size
18 and speed by the following phrase: "Financial disclosures are available at sfethics.org." A
19 substantially similar statement that specifies the web site may be used as an alternative in
20 audio communications.

21 (3) MASS MAILINGS AND SMALLER WRITTEN ADVERTISEMENTS. Any disclaimer
22 required by the Political Reform Act and by this section on a mass mailing, door hanger, flyer,
23 poster, oversized campaign button or bumper sticker, or print advertisement shall be printed in
24 at least 12 point font.

1 (4) CANDIDATE ADVERTISEMENTS. Advertisements by candidate committees shall
2 include the following disclaimer statements: "Paid for by _____ (insert the name of the
3 candidate committee)." and "Financial disclosures are available at sfethics.org." Except as
4 provided in subsection (a)(3), the statements' format, size and speed shall comply with the
5 disclaimer requirements for independent expenditures for or against a candidate set forth in
6 the Political Reform Act and its enabling regulations.

7 (5) AUDIO AND VIDEO ADVERTISEMENTS. For audio advertisements, the disclaimers
8 required by this Section 1.161 shall be spoken at the beginning of such advertisements. For video
9 advertisements, the disclaimers required by this Section 1.161 shall be spoken at the beginning of such
10 advertisements and appear in writing during the entirety of the advertisements.

11 * * * *

12 **SEC. 1.162. ELECTIONEERING COMMUNICATIONS.**

13 (a) DISCLAIMERS.

14 (1) Every electioneering communication for which a statement is filed pursuant
15 to subsection (b) shall include the following disclaimer: "Paid for by _____ (insert the
16 name of the person who paid for the communication)." and "Financial disclosures are
17 available at sfethics.org."

18 (2) Any disclaimer required by this Section shall be included in or on an
19 electioneering communication in a size, speed or format that complies with the disclaimer
20 requirements for independent expenditures supporting or opposing candidates set forth in the
21 Political Reform Act and its enabling regulations.

22 (3) Notwithstanding subsection (a)(2), any disclaimer required by this Section:

23 (A) to appear on a mass mailing, door hanger, flyer, poster, oversized
24 campaign button or bumper sticker, or print advertisement, shall be printed in at least 12 point
25 font;

1 (B) to be included in an audio advertisement, shall be spoken at the beginning of
2 such advertisements; or

3 (C) to be included in a video advertisement, be spoken at the beginning of such
4 advertisements and appear in writing during the entirety of the advertisements.

5 * * * *

6 Section 2. Effective Date. This ordinance shall become effective 30 days after
7 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
8 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
9 of Supervisors overrides the Mayor's veto of the ordinance. Applicability of the ordinance shall
10 be retroactive to January 1, 2018, and regulated parties shall have 10 days from the effective
11 date of the ordinance to bring themselves into compliance.

12
13 APPROVED AS TO FORM:
14 DENNIS J. HERRERA, City Attorney

15 By: _____
16 ATTORNEY'S NAME
17 Deputy City Attorney

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