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# **COMMITTEE/BOARD OF SUPERVISORS**

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| Completed by: Alisa Somera Date May 22, 2015 Completed by: Date |   |          |              |  |  |

NOTE:

[Campaign and Governmental Conduct Code - Amending Campaign Disclaimer and Disclosure Requirements]

Ordinance amending the Campaign and Governmental Conduct Code to simplify and consolidate campaign finance disclaimer and disclosure requirements.

Unchanged Code text and uncodified text are in plain Arial font.

Additions to Codes are in single-underline italics Times New Roman font.

Deletions to Codes are in strikethrough italics Times New Roman font.

Board amendment additions are in double-underlined Arial font.

Board amendment deletions are in strikethrough Arial font.

Asterisks (\* \* \* \*) indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. The Board of Supervisors of the City and County of San Francisco hereby finds and determines that:

- (a) The San Francisco Campaign Finance Reform Ordinance ("CFRO") was enacted in order to enhance the integrity of the election process and the competitiveness of campaigns in the City and County of San Francisco (the "City"). CFRO's specific purposes include ensuring that all individuals and interest groups in the City have a fair opportunity to participate in elective and governmental processes and assisting voters in making informed electoral decisions.
- (b) Given recent case law, certain of CFRO's contribution limits have been struck down, or are likely to be struck down, by the courts. Removing the CFRO provisions containing those limits will help to ensure that CFRO is consistent with existing law.
- (c) Over the years, CFRO's reporting and disclaimer requirements for persons sending election-related communications in City elections require consolidation and simplification, particularly given overlapping state law requirements covering the same activity. These

improvements will provide voters with relevant information about local candidates and ballot measures, and help candidates and committees comply with these local requirements.

Section 2. The Campaign and Governmental Conduct Code is hereby amended by revising Sections 1.104, 1.114, 1.134, 1.135, 1.143, 1.152, 1.160.5, 1.161, 1.161.5, 1.162, and 1.163, to read as follows:

SEC. 1.104. DEFINITIONS.

Whenever in this Chapter the following words or phrases are used, they shall mean:

"Advertisement" shall be defined as set forth in the California Political Reform Act, California
Government Code section 81000 et seq. and its enabling regulations, provided that the advertisement
supports or opposes one or more City measures or candidates for City elective office.

(a)—"Candidate" shall be defined as set forth in the California Political Reform Act, California Government Code section 81000, et seq., but shall include only candidates for City elective office.

(b)—"Candidate committee" shall mean a committee controlled by a candidate, and primarily formed to support that candidate's election for City elective office.

(c)—"Charitable organization" shall mean an entity exempt from taxation pursuant to Title 26, Section 501 of the United States Code.

(d)—"City elective office" shall mean the offices of Mayor, Member of the Board of Supervisors, City Attorney, District Attorney, Treasurer, Sheriff, Assessor, Public Defender, Member of the Board of Education of the San Francisco Unified School District and Member of the Governing Board of the San Francisco Community College District. The Board of Supervisors consists of eleven separate City elective offices, the San Francisco Community College District consists of seven separate City elective offices, and the Board of Education of the San Francisco Unified School District consists of seven separate City elective offices.

- (e)—"Code" shall mean the San Francisco Campaign and Governmental Conduct Code.
- (f)—"Committee" shall be defined as set forth in the California Political Reform Act, California Government Code section 81000, et seq.
- (g)—"Contribution" shall be defined as set forth in the California Political Reform Act, California Government Code section 81000, et seq.; provided, however, that "contribution" shall include loans of any kind or nature.
- (h)—"Controlled committee" shall be defined as set forth in the California Political Reform Act, California Government Code section 81000, et seq.

"Distributed" and "distribution" shall mean any act that permits a communication to be viewed, read or heard.

(i)—"Election" shall mean any general, or special municipal election held in the City and County of San Francisco for City elective office or for a local measure, regardless of whether the election is conducted by district or Citywide.

"Electioneering communication" shall mean any communication, including but not limited to any broadcast, cable, satellite, radio, electronic, or telephone communication, and any mailing, flyer, doorhanger, pamphlet, brochure, card, sign, billboard, facsimile, or printed advertisement, that:

(a) refers to a clearly identified candidate for City elective office or a City elective officer who is the subject of a recall election; and

(b) is distributed within 90 days prior to an election for the City elective office sought by the candidate or a recall election regarding the City elective officer to 500 or more individuals who are registered to vote or eligible to register to vote in the election or recall election. There shall be a rebuttable presumption that any broadcast, cable, satellite, or radio communication and any sign, billboard or printed advertisement is distributed to 500 or more individuals who are eligible to vote for or against the candidate clearly identified in the communication.

(c) The term "electioneering communication" shall not include:

enforcement. Nothing in this Chapter shall be construed as limiting the authority of any law enforcement agency or prosecuting attorney to enforce the provisions of this Chapter under any circumstances where such law enforcement agency or prosecuting attorney otherwise has lawful authority to do so.

- (k)—"Ethics Commission" shall mean the San Francisco Ethics Commission.
- (4)—"Executive Director" shall mean the Executive Director of the Ethics Commission, or the Executive Director's designee.
- (m)—"General purpose committee" shall be defined as set forth in the California Political Reform Act, California Government Code section 81000 et seq.
- (n)—"Independent expenditure" shall be defined as set forth in the California Political Reform Act, California Government Code section 81000 et seq. An expenditure is not considered independent and shall be treated as a contribution from the person making the expenditure to the candidate on whose behalf or for whose benefit the expenditure is made, if the expenditure is made at the request, suggestion, or direction of, or in cooperation, consultation, concert or coordination with, the candidate on whose behalf, or for whose benefit, the expenditure is made.
- (o)—"Individual Expenditure Ceiling" shall mean the expenditure ceiling established for each individual candidate for Mayor or the Board of Supervisors whom the Ethics Commission has certified as eligible to receive public funds under this Chapter.
- (p)—"Itemized disclosure statement" shall mean a form promulgated by the Ethics Commission that provides a detailed description of the separate costs associated with a communication, including but not limited to photography, design, production, printing, distribution, and postage.

(q)—"Mass mailing" shall be defined as set forth in the California Political Reform Act, California Government Code section 81000 et seq., provided that the mass mailing advocates for or against one or more candidates for City elective office.

(r)—"Matching contribution" shall mean a contribution up to \$500, made by an individual, other than the candidate, who is a resident of San Francisco. Matching contributions shall not include loans, contributions received more than 18 months before the date of the election, qualifying contributions or contributions made by the candidate's spouse, registered domestic partner or dependent child. Matching contributions must also comply with all requirements of this Chapter. Matching contributions under \$100 that are not made by written instrument must be accompanied by written documentation sufficient to establish the contributor's name and address. The Ethics Commission shall set forth, by regulation, the types of documents sufficient to establish a contributor's name and address for the purpose of this subsection.

(s)—"Measure" shall mean any City, San Francisco Unified School District or San Francisco Community College District referendum, recall or ballot proposition, whether or not it qualifies for the ballot.

(t)—"Member communication" shall mean a communication made by an organization or its committee for the publication, dissemination or communication to the organization's members, employees or shareholders, or to the families of the organization's members, employees or shareholders by newsletter, letter, flyer, e-mail or similar written or spoken material, that supports or opposes a candidate or measure be defined as set forth in the California Political Reform Act.

California Government Code section 81000 et seq. and its enabling regulations, provided that the communication advocates for or against one or more City measures or candidates for City elective office.

- (u)—"Person" shall mean any individual, partnership, corporation, association, firm, committee, club or other organization or group of persons, however organized.
  - (v)—"Qualified campaign expenditure" for candidates shall mean all of the following:
- (1a) Any expenditure made by a candidate, or by a committee controlled by the candidate, for the purpose of influencing or attempting to influence the actions of the voters for the election of the candidate to City elective office.
- (2b) A nonmonetary contribution provided to the candidate, officeholder or committee controlled by the candidate.
- $(3\underline{c})$  The total cost actually paid or incurred by the candidate or controlled committee of the candidate for a slate mailing or other campaign literature produced or authorized by more than one candidate.
  - $(4\underline{d})$  Expenses incurred, but for which payment has not yet been made.
- $(5\underline{e})$  Expenses associated with complying with applicable laws, including but not limited to the California Political Reform Act, California Government Code Section 81000, et seq., and the provisions of this Chapter.
- (6f) "Qualified campaign expenditure" shall not include filing fees, expenses incurred in connection with an administrative or judicial proceeding, payments for administrative, civil or criminal fines, including late filing fees, costs incurred after the election that do not directly affect the outcome of the election, including but not limited to utility bills, expenses associated with an audit, and expenses related to preparing post-election campaign finance disclosure reports as required by the California Political Reform Act, California Government Code Section 81000, et seq., and the provisions of this Chapter, or for inaugural activities or officeholder expenses.
- (w)—"Qualifying contribution" shall mean a contribution of not less than \$10 and not more than \$100 that is made by an individual who is a resident of San Francisco and that

complies with all requirements of this Chapter. Qualifying contributions shall not include loans, contributions received more than 18 months before the date of the election or contributions made by the candidate or the candidate's spouse, registered domestic partner or dependent child. Qualifying contributions under \$100 that are not made by written instrument must be accompanied by written documentation sufficient to establish the contributor's name and address. The Ethics Commission shall set forth, by regulation, the types of documents sufficient to establish a contributor's name and address for the purpose of this subsection.

(x)—"Recorded telephone message" shall mean a recorded audio message that expressly supports or opposes a candidate for City elective office that is distributed by telephone.

"Refers to a clearly identified candidate for City elective office or a City elective officer who is

the subject of a recall election" shall mean any communication that contains the candidate's or officer's

name, nickname or image or makes any other unambiguous reference to the candidate or officer such

as "your Supervisor" or "the incumbent."

(y)—"Surplus funds" shall mean funds remaining in a candidate's campaign account at the time the candidate leaves City elective office, or at the end of the post-election reporting period following the defeat of the candidate for City elective office, whichever occurs last, and funds remaining in the campaign account of a committee primarily formed to support or oppose a measure at the end of the post-election reporting period following the election at which the measure appeared on the ballot.

(z)—"Total Opposition Spending" shall mean the sum of any expenditures made or expenses incurred by any person or persons for the purpose of making independent expenditures, electioneering communications or member communications in opposition to a specific candidate for Mayor or the Board of Supervisors.

(aa)—"Total Supportive Funds" shall mean the sum of all contributions received by a candidate committee supporting a candidate for Mayor or the Board of Supervisors, other than any funds in the candidate's Campaign Contingency Account exceeding the candidate committee's Trust Account Limit, plus the expenditures made or expenses incurred by any person or persons for the purpose of making independent expenditures, electioneering communications or member communications in support of that same candidate.

(bb)—"Trust Account Limit" shall mean the amount of funds in the Campaign

Contribution Trust Account of a candidate committee supporting a candidate for Mayor or the

Board of Supervisors whom the Ethics Commission has certified as eligible to receive public

funds under this Chapter such that the expenditure of this amount would cause the candidate
to reach, but not exceed, the candidate's Individual Expenditure Ceiling. The Trust Account

Limit shall be reduced as the candidate spends money and shall be increased when his or her

Individual Expenditure Ceiling increases.

(ce)—"Unexpended public funds" shall mean all funds remaining in the candidate committee's account on the 30th day after the candidate controlling the committee is either elected or not elected to office, regardless of the source of the funds, but shall not exceed the amount of public funds provided to the candidate. Funds raised after this date are not unexpended funds.

(dd)—"Voter" shall mean an individual registered to vote in San Francisco.

(ee)—"Withdrawal" or "withdraw" shall mean, prior to an election, ending one's candidacy or failing to qualify for an office for which a candidate has solicited or accepted contributions.

##—"Written instrument" shall mean a check, credit card receipt, or record of electronic transfer of funds.

SEC. 1.114. CONTRIBUTION LIMITS.

- (a) LIMITS ON CONTRIBUTIONS TO CANDIDATES. No person other than a candidate shall make, and no campaign treasurer for a candidate committee shall solicit or accept, any contribution which will cause the total amount contributed by such person to such candidate committee in an election to exceed \$500.
- (1) Per Candidate Limit. No person other than a candidate shall make, and no campaign treasurer for a candidate committee shall solicit or accept, any contribution which will cause the total amount contributed by such person to such candidate committee in an election to exceed \$500.
- (2)—Overall Limit. No person shall make any contribution which will eause the total amount contributed by such person to all candidate committees in an election to exceed \$500 multiplied by the number of City elective offices to be voted on at that election.
- (b) LIMITS ON CONTRIBUTIONS FROM CORPORATIONS. No corporation organized pursuant to the laws of the State of California, the United States, or any other state, territory, or foreign country, whether for profit or not, shall make a contribution to a candidate committee, provided that nothing in this subsection shall prohibit such a corporation from establishing, administering, and soliciting contributions to a separate segregated fund to be utilized for political purposes by the corporation, provided that the separate segregated fund complies with the requirements of Federal law including Sections 432(e) and 441b of Title 2 of the United States Code and any subsequent amendments to those Sections.

# (c) LIMITS ON CONTRIBUTIONS TO COMMITTEES.

- (1) Per Committee Limit. No person shall make, and no committee treasurer shall solicit or accept, any contribution which will cause the total amount contributed by such person to the committee to exceed \$500 per calendar year.
- (2) Overall Limit. No person shall make, and no committee treasurer shall solicit or accept, any contribution which will cause the total amount contributed by such person to all committees to exceed \$3,000 per calendar year.

(3) Definitions. For purposes of this Subsection, "committee" shall mean any committee making expenditures to support or oppose a candidate, but shall not include candidate committees.

### (dc) AGGREGATION OF AFFILIATED ENTITY CONTRIBUTIONS.

- (1) General Rule. For purposes of the contribution limits imposed by this Section and Section 1.120 the contributions of an entity whose contributions are directed and controlled by any individual shall be aggregated with contributions made by that individual and any other entity whose contributions are directed and controlled by the same individual.
- (2) Multiple Entity Contributions Controlled by the Same Persons. If two or more entities make contributions that are directed and controlled by a majority of the same persons, the contributions of those entities shall be aggregated.
- (3) Majority-Owned Entities. Contributions made by entities that are majority-owned by any person shall be aggregated with the contributions of the majority owner and all other entities majority-owned by that person, unless those entities act independently in their decisions to make contributions.
- (4) Definition. For purposes of this Section, the term "entity" means any person other than an individual and "majority-owned" means a direct or indirect ownership of more than 50 percent.
- (ed) CONTRIBUTOR INFORMATION REQUIRED. If the cumulative amount of contributions received from a contributor is \$100 or more, the committee shall not deposit any contribution that causes the total amount contributed by a person to equal or exceed \$100 unless the committee has the following information: the contributor's full name; the contributor's street address; the contributor's occupation; and the name of the contributor's employer or, if the contributor is self-employed, the name of the contributor's business. A committee will be deemed not to have had the required contributor information at the time the

contribution was deposited if the required contributor information is not reported on the first campaign statement on which the contribution is required to be reported.

- (fe) FORFEITURE OF UNLAWFUL CONTRIBUTIONS. In addition to any other penalty, each committee that receives a contribution which exceeds the limits imposed by this Section or which does not comply with the requirements of this Section shall pay promptly the amount received or deposited in excess of the amount permitted by this Section to the City and County of San Francisco and deliver the payment to the Ethics Commission for deposit in the General Fund of the City and County; provided that the Ethics Commission may provide for the waiver or reduction of the forfeiture.
- (gf) RECEIPT OF CONTRIBUTIONS. A contribution to a candidate committee or committee making expenditures to support or oppose a candidate shall not be considered received if it is not cashed, negotiated, or deposited and in addition it is returned to the donor before the closing date of the campaign statement on which the contribution would otherwise be reported, except that a contribution to a candidate committee or committee making expenditures to support or oppose a candidate made before an election at which the candidate is to be voted on but after the closing date of the last campaign statement required to be filed before the election shall not be considered to be deemed received if it is not cashed, negotiated or deposited and is returned to the contributor within 48 hours of receipt. For all committees not addressed by this Section, the determination of when contributions are considered to be received shall be made in accordance with the California Political Reform Act, California Government Code Section 81000, et seq.
- SEC. 1.134. LIFTING OF VOLUNTARY EXPENDITURE CEILINGS;
  SUPPLEMENTAL REPORTING IN ELECTIONS FOR ASSESSOR, PUBLIC DEFENDER,
  CITY ATTORNEY, DISTRICT ATTORNEY, TREASURER, SHERIFF, THE BOARD OF

EDUCATION OF THE SAN FRANCISCO UNIFIED SCHOOL DISTRICT, OR THE GOVERNING BOARD OF THE SAN FRANCISCO COMMUNITY COLLEGE DISTRICT.

This Section shall apply only if at least one candidate for the City elective office has accepted the applicable voluntary expenditure ceiling, and the Ethics Commission has not lifted that voluntary expenditure ceiling. This Section applies only to candidates for Assessor, Public Defender, City Attorney, District Attorney, Treasurer, Sheriff, the Board of Education of the San Francisco Unified School District, or the Governing Board of the San Francisco Community College District.

- (a) The voluntary expenditure ceiling shall no longer be binding on a candidate:
- (1) If a candidate seeking election to the same City elective office, who has declined to accept the voluntary expenditure ceiling, receives contributions or makes qualified campaign expenditures in excess of 100 percent of the applicable voluntary expenditure ceiling,
- (2) If a person or persons\_ make expenditures or payments, or incur expenses for the purpose of making independent expenditures, electioneering communications or member communications that total more than 100 percent of the applicable voluntary expenditure ceiling, and those expenditures or communications clearly identify a candidate seeking election to the same City elective office, or
- (3) If a candidate seeking election to the same City elective office, who has accepted the voluntary expenditure ceiling, makes qualified campaign expenditures in excess of 100 percent of the voluntary expenditure ceiling.
- (b) Any candidate committee that receives contributions, makes qualified campaign expenditures, incurs expenses or has funds in its Campaign Contribution Trust Account that total more than 100 percent of the applicable voluntary expenditure ceiling shall, within 24 hours of exceeding 100 percent of the applicable voluntary expenditure ceiling, file a

statement with the Ethics Commission, on forms to be provided by the Ethics Commission, stating that fact and any additional information required by the Ethics Commission.

(c) Any person other than a candidate committee who makes expenditures or payments, or incurs expenses for the purpose of distributing independent expenditures, electioneering communications or member communications that clearly identify any candidate in an amount that in the aggregate equals or exceeds \$5,000 per candidate shall, within 24 hours of reaching or exceeding this threshold, file a statement with the Ethics Commission. The statement shall include a legible copy of the communication if it is conveyed in writing or an electronic recording if it is conveyed via audio or video, disclose the cost of each communication, and provide any additional information required by the Ethics Commission.

Thereafter, until the Ethics Commission lifts the applicable voluntary expenditure ceiling, any such person shall file a supplemental statement with the Ethics Commission each time the person makes expenditures for the purpose of distributing independent expenditures, electioneering communications or member communications that clearly identify any candidate in an amount that in the aggregate equals or exceeds an additional \$5,000 per candidate. The supplemental statements shall be filed within 24 hours of reaching or exceeding this threshold, and shall include a legible copy of the communication if it is conveyed in writing or an electronic recording if it is conveyed via audio or video, disclose the cost of each communication, and provide any additional information required by the Ethics Commission.

(dc) Within one business day after receiving a notice indicating that the thresholds in subsection (a) have been met, the Ethics Commission shall inform every candidate in the same race that the expenditure ceiling has been lifted. The Executive Director shall promptly review statements filed pursuant to state and local law, including California Government Code section 84204 and Sections

1.161, 1.162, and 1.163 of this Chapter, to determine whether a communication supports or opposes one or more candidates.

(d) Within one business day after determining that the threshold listed in subsection (a) has been met with respect to an office appearing on the ballot, the Executive Director shall inform every candidate for that office that the Ethics Commission has lifted the applicable voluntary expenditure ceiling. The Executive Director shall also post a notice on the Ethics Commission's website and send written notice by email to any other person who has requested such notice.

#### SEC. 1.135. SUPPLEMENTAL PRE-ELECTION STATEMENTS.

- (a) Supplemental Preelection Statements. In addition to the campaign disclosure requirements imposed by the California Political Reform Act and other provisions of this Chapter, all a San Francisco general purpose committees that makes contributions or expenditures totaling \$500 or more during the period covered by the preelection statement, other than expenditures for the establishment and administration of that committee, shall file a preelection statements before any election held in the City and County of San Francisco at which a candidate for City elective office or City measure is on the ballot, if the committee makes contributions or expenditures totaling \$500 or more during the period covered by the preelection statement.
- (b) Time for Filing Supplemental Preelection Statements. In even-numbered years, preelection statements required by this Section shall be filed pursuant to the preelection statement filing schedule established by the Fair Political Practices Commission for county general purpose recipient committees. In odd-numbered years, the filing schedule is as follows:
- (1) For the period ending 45 days before the election, the statement shall be filed no later than 40 days before the election;
- (2) For the period ending 17 days before the election, the statement shall be filed no later than 12 days before the election.
  - (c) The Ethics Commission may require that these statements be filed electronically.

#### SEC. 1.143. ADJUSTING INDIVIDUAL EXPENDITURE CEILINGS.

This Section shall apply only if the Ethics Commission has certified that at least one candidate for Mayor or the Board of Supervisors is eligible to receive public funds under this Chapter.

- (a) The Executive Director shall adjust the Individual Expenditure Ceiling of a candidate for Mayor to an amount equal to the sum of the Total Opposition Spending against that candidate and the highest level of the Total Supportive Funds of any other candidate for Mayor if such amount is greater than \$1,475,000, provided that the Executive Director may adjust a candidate's Individual Expenditure Ceilings only in increments of \$100,000.
- (b) The Executive Director shall adjust the Individual Expenditure Ceiling of a candidate for the Board of Supervisors to an amount equal to the sum of the Total Opposition Spending against that candidate and the highest level of the Total Supportive Funds of any other candidate for the same office on the Board of Supervisors if such amount is greater than \$250,000, provided the Executive Director may adjust a candidate's Individual Expenditure Ceiling only in increments of \$10,000.
- (c) No later than the second business day after a statement is filed pursuant to Section

  1.152(a)(3) or (b)(3) of this Chapter, the Executive Director shall determine whether the

  communication supports or opposes one or more candidates. The Executive Director shall promptly

  review statements filed pursuant to state and local law, including Government Code section 84204 and

  Sections 1.161, 1.162, and 1.163 of this Chapter, to determine whether a communication supports or

  opposes one or more candidates.

Factors the Executive Director shall use to determine whether the communication supports or opposes one or more candidates include the following:

- (1) whether the communication clearly identifies one or more candidates;
- (2) the timing of the communication;

- (3) the voters targeted by the communication;
- (4) whether the communication identifies any candidate's position on a public policy issue and urges the reader or viewer to take action, including calling the candidate to support or oppose the candidate's position;
- (5) whether the position of one or more candidates on a public policy issue has been raised as distinguishing these candidates from others in the campaign, either in the communication itself or in other public communications;
- (6) whether the communication is part of an ongoing series of substantially similar advocacy communications by the organization on the same issue; and
  - (7) any other factors the Executive Director deems relevant.
- (d) Within one business day of the date that the Executive Director makes a determination under Subsection (c), either the candidate(s) identified in the communication or any candidate seeking the same City elective office as the candidate identified in the communication may object to the Executive Director's determination. The Executive Director shall respond to any objection within one business day of receiving the objection.
- (e) Within one business day of the Executive Director's response, either the candidate(s) identified in the communication or any candidate seeking the same City elective office as the candidate identified in the communication may submit to the Executive Director a request that the Ethics Commission review the Executive Director's determination. Within one business day of receiving the request, the Executive Director shall notify each Commissioner of the candidate's request.

If within one business day of the Executive Director's notice, two or more members of the Commission inform the Executive Director that they would like to review the determination, the Executive Director shall schedule a meeting of the Commission on a date that occurs within one week of the Commissioners' requests. If three members of the Commission vote to

overrule the Executive Director's determination, the Commission shall make a final determination based on the factors set forth above.

(f) If no candidate objects to the Executive Director's determination, if no candidate requests review by the Commission of the Executive Director's determination, if a request is made and two or more members of the Commission do not request to review the determination, or within one week of two members of the Commission requesting to review the Executive Director's determination, at least three members of the Commission do not vote to overrule the Executive Director's determination, the Executive Director's determination shall become final.

The Executive Director shall determine whether to adjust the Individual Expenditure Ceilings of each candidate for Mayor or the Board of Supervisors pursuant to either Subsection (a) or (b) of this Section within one business day of a final determination.

SEC. 1.152. SUPPLEMENTAL REPORTING IN ELECTIONS FOR BOARD OF SUPERVISORS AND MAYOR.

- (a) ELECTIONS FOR THE BOARD OF SUPERVISORS.
- (1) In addition to the campaign disclosure requirements imposed by the California Political Reform Act and other provisions of this Chapter, each candidate committee supporting a candidate for the Board of Supervisors shall file a statement with the Ethics Commission indicating when the committee has received contributions to be deposited into its Campaign Contribution Trust Account or made expenditures that equal or exceed \$5,000 within 24 hours of reaching or exceeding that amount.
- (2) In addition to the supplemental report in Subsection (a)(1) of this Section, each candidate committee supporting a candidate for the Board of Supervisors shall file a statement with the Ethics Commission disclosing when the committee has received contributions to be deposited into its Campaign Contribution Trust Account or made

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expenditures that in the aggregate-equal or exceed \$100,000. The candidate committee shall file this report within 24 hours of reaching or exceeding the threshold. Thereafter, the candidate committee shall file an additional supplemental report within 24 hours of every time the candidate committee receives additional contributions to be deposited into its Campaign Contribution Trust Account or makes additional expenditures that in the aggregate equal or exceed \$10,000.

(3) Any person other than a candidate committee who makes expenditures for the purpose of distributing independent expenditures, electioneering communications, or member communications that clearly identify any candidate for the Board of Supervisors, and the amount of those expenditures in the aggregate equals or exceeds \$5,000 per candidate, shall, within 24 hours of reaching or exceeding this threshold, file a statement with the Ethics Commission. Such statement shall include a legible copy of the communication if it is conveyed in writing or an electronic recording if it is conveyed via audio or video, disclose the cost of each communication, and provide any additional information required by the Ethics Commission. Every person who is required to file a statement with the Ethics Commission pursuant to this Subsection shall indicate on the statement which candidate or candidates for the Board of Supervisors the independent expenditures, electioneering communications, or member communications disclosed on the statement support or oppose, or whether they are neutral. For the purposes of this Subsection, the costs of a communication that supports or opposes more than one candidate or ballot measure shall be apportioned among each candidate and measure in the communication:

Thereafter, any such person shall file a supplemental statement with the Ethics Commission each time the person makes expenditures for the purpose of distributing independent expenditures, electioneering communications or member communications that clearly identify any candidate for the Board of Supervisors in an amount that in the aggregate equals or exceeds an additional \$5,000 per candidate. The supplemental statements shall be filed within 24 hours of

reaching or exceeding this threshold, and shall include a legible copy of the communication if it is conveyed in writing or an electronic recording if it is conveyed via audio or video, disclose the cost of each communication, and provide any additional information required by the Ethics Commission.

(3) The Executive Director shall post the information disclosed on statements required by this subsection on the website of the Ethics Commission within two business days of the statement's filing.

# (b) ELECTIONS FOR MAYOR.

- (1) In addition to the campaign disclosure requirements imposed by the California Political Reform Act and other provisions of this Chapter, each candidate committee supporting a candidate for Mayor shall file a statement with the Ethics Commission indicating when the candidate committee has received contributions to be deposited into its Campaign Contribution Trust Account or made expenditures that equal or exceed \$50,000 within 24 hours of reaching or exceeding that amount.
- (2) In addition to the supplemental report in Subsection (b)(1) of this Section, each candidate committee supporting a candidate for Mayor shall file a statement with the Ethics Commission disclosing when the candidate committee has received contributions to be deposited into its Campaign Contribution Trust Account or made expenditures that in the aggregate-equal or exceed \$1,000,000. The candidate committee shall file this report within 24 hours of reaching or exceeding the threshold. Thereafter, the candidate committee shall file an additional supplemental report within 24 hours of every time the candidate committee receives additional contributions or makes additional expenditures that in the aggregate equal or exceed \$50,000.
- (3) Any person other than a candidate committee who makes expenditures for the purpose of distributing independent expenditures, electioneering communications, or member communications that clearly identify any candidate for Mayor, and the amount of those expenditures in

this threshold, file a statement with the Ethics Commission. Such statement shall include a legible copy of the communication if it is conveyed in writing or an electronic recording if it is conveyed via audio or video, disclose the cost of each communication, and provide any additional information required by the Ethics Commission. Every person who is required to file a statement with the Ethics Commission pursuant to this Subsection shall indicate on the statement which candidate or candidates for Mayor the independent expenditures, electioneering communications, or member communications disclosed on the statement support or oppose, or whether they are neutral. For the purposes of this Subsection, the costs of a communication that supports or opposes more than one candidate or ballot measure shall be apportioned among each candidate and measure in the communication.

Thereafter, any such person shall file a supplemental statement with the Ethics

Commission each time the person makes expenditures for the purpose of distributing independent expenditures, electioneering communications or member communications that clearly identify any candidate for Mayor in an amount that in the aggregate equals or exceeds an additional \$5,000 per candidate. The supplemental statements shall be filed within 24 hours of reaching or exceeding this threshold, and shall include a legible copy of the communication if it is conveyed in writing or an electronic recording if it is conveyed via audio or video, disclose the cost of each communication, and provide any additional information required by the Ethics Commission.

- (3) The Executive Director shall post the information disclosed on statements required by this subsection on the website of the Ethics Commission within two business days of the statement's filing.
- (c) The supplemental statements required by Subsections (a)(2) and (b)(2), (a)(3), (b)(2) and (b)(3) are not required until the Ethics Commission has certified that at least one candidate is eligible to receive public funds under this Chapter, provided that within two business days of the date that the Ethics Commission provides notice under this subsection

that it has certified that a candidate is eligible to receive public funds under this Chapter, any report that previously would have been required under (a)(2) and (b)(2), (a)(3), (b)(2) or (b)(3) must be filed. Within two business days of certifying that at least one candidate is eligible to receive public financing under this Chapter, the Ethics Commission shall post a notice on its website, send out a press release and send written notice by regular or electronic mail to all other candidates running for the same City elective office and to any other person who has requested such notice.

#### SEC. 1.160.5. DISCLOSURE AND FILING FOR PERSUASION POLLS.

- (a) Definitions. Whenever in this Section the following words or phrases are used, they shall mean:
- (1) "Persuasion poll" shall mean any telephone survey, or series of telephone surveys that are substantially similar or identical, that
- (A) refers to a clearly identified candidate for City elective office or a City elective officer, other than in a basic preference question;
- (B) includes at least one call made within 60 days prior to an election for the City elective office sought by the candidate named in the survey or a recall election regarding the City elective officer named in the survey;
- (C) includes at least 1,000 completed calls, such as person-to-person discussions following the survey script; and
  - (D) for which at least two of the following are true:
- (i)—Each phone conversation in the survey takes less than four minutes on average to complete, excluding any sponsorship identification;
- (ii) The survey includes fewer than three demographic inquiries regarding factors such as age, educational level, or marital status, sufficient to allow for the tabulation

# (B) The date of the 1,000th call in the poll; and

- (C) After a person has met the threshold under Subsection (B), the date of each 1,000th additional call in the poll.
- (b) Telephonic disclosure. No person shall authorize, administer or make payment for a persuasion poll unless, at the beginning of each call, the person making the call identifies the person(s) making payments for or authorizing the call by stating "This is a paid political advertisement by [Name of person(s)]," and, identifies the person making the call, if different from the sponsor, by stating "This call is conducted by [Name of person]." These disclosures shall be spoken at the same volume and speed as the rest of the communication so as to be clearly audible by the call recipient and otherwise appropriately conveyed for the hearing impaired. These disclosures shall be repeated upon request of the call recipient.

#### (c) Filing.

- (1) Any person who authorizes, administers or makes payment for a persuasion poll shall, within 48 hours of each disclosure date, file an itemized statement with the San Francisco Ethics Commission. A person authorizing, administering or making payment for a persuasion poll is not required to file an itemized statement under this Section if the person is aware that another person authorizing, administering or making payment for the same persuasion poll has filed an authorized statement for the persuasion poll as required by this Section.
- (2) Each itemized statement required to be filed under this Section shall be filed on a form promulgated by the San Francisco Ethics Commission and shall contain the following information:
- (A) the full name, street address, city, state and zip code of each person who authorizes, administers or makes payment for the persuasion poll;

(B) the full name, street address, city, state and zip code of each person sharing or exercising direction and control over the person authorizing, administering or making payments for the survey;

(C) the dates during which the persuasion poll was conducted;

(D) for each day, the number of calls attempted to households in the City and County of San Francisco if the election described in Subsection (a)(1)(B) is a City-wide election, or the number of calls to households in the district if the election described in Subsection (a)(1)(B) is a district election:

(E) for each day, the number of individuals contacted and the number of messages left in households in the City and County of San Francisco if the election described in Subsection (a)(1)(B) is a City-wide election, or the number of individuals contacted and the number of messages left in households in the district if the election described in Subsection (a)(1)(B) is a district election:

(F) a detailed accounting of any payments of \$100.00 or more that the person has received from another person, which were used for conducting or administering the persuasion poll; such detailed accounting shall include the dollar amount or value of each payment; the date of the payment's receipt; the name, street address, city, state, and zip code of the person who made such payment; the occupation and employer of the person who made such payment, if any, or, if the person is self-employed, the name of the person's business; and the cumulative amount of payments received for the purpose of conducting or administering persuasion polls from that person during the calendar year;

(G) a copy of the script used in conducting the persuasion poll, if any, and a copy of every question asked in the survey and every statement made to respondents in the survey; and (H) any other information required by the Ethics Commission consistent with the purposes of this Section.

- (3) The filer shall verify, under penalty of perjury, the accuracy and completeness of the information provided in the itemized statement, and shall retain for a period of five years all books, papers and documents necessary to substantiate the itemized statements required by this Section.
- (4) The Ethics Commission may require any itemized statement to be filed electronically and may permit any required statement to be filed by facsimile. The Ethics Commission shall promulgate regulations to implement this subsection before any person shall be required to file an itemized statement electronically or permitted to file a statement by facsimile.
- (5) If any person files an itemized statement after any deadline imposed by this Section, the Ethics Commission shall, in addition to any other penalties or remedies established in this Chapter, fine the person \$10 per day after the deadline until the statement is received by the Ethics Commission. The Ethics Commission may reduce or waive a fine if the Commission determines that the late filing was not willful and that enforcement will not further the purposes of this Chapter. The Ethics Commission shall deposit funds collected under this Section in the General Fund of the City and County of San Francisco.
- (d) The Ethics Commission may adopt regulations exempting additional types of polls from the provisions of this Section to effectuate the purpose of this Section.

SEC. 1.161. DISCLOSURE AND FILING-REQUIREMENTS FOR MASS MAILINGS.

(a) MASS MAILINGS BY CANDIDATES.

#### (2) Filing.

(i) Each candidate committee that pays for a mass mailing shall, within five working days after the date of the mailing, file two pieces of the mailing with the Ethics Commission.

(ii) Each candidate committee that pays for a mass mailing shall, within five business days after the date of the mailing, file an itemized disclosure statement with the Ethics Commission for that mailing.

(iii) Each candidate committee that pays for a mass mailing shall file two pieces of mail and the itemized disclosure statement required by Subsections (a)(2)(i) and (a)(2)(ii) within 48 hours of the date of the mailing if the date of the mailing occurs within the final 16 days before the election.

(iv) Every mass mailing filed pursuant to this subsection shall be clearly legible.

(b) MASS MAILINGS BY PERSONS OTHER THAN CANDIDATES.

(1) Disclosure. Any person who makes independent expenditures for a mass mailing which supports or opposes any candidate for City elective office shall place the following statement on the mailing in typeface no smaller than 14 points:

Notice to Voters (Required by City and County of San Francisco) This mailing is not authorized or approved by any candidate for City and County office or by any election official. It is paid for by [name and committee identification number]. [address, city, state]. Total Cost of this mailing is [amount].

### (2) Filing.

(i) Each person who makes independent expenditures of \$1,000 or more for a mass mailing which supports or opposes any candidate for City elective office shall file two pieces of the mailing and an itemized disclosure statement for the mailing with the Ethics Commission, unless that person is otherwise required to file disclosures regarding the communication under Section 1.134, 1.152, or 1.161.5 of this Code.

(ii) Any filing required by this Section shall be submitted within five business days after the date of the mailing if the date of the mailing is more than 16 days before the election, and within 48 hours after the mailing if the date of the mailing occurs within the final 16 days before the election.

- (iii) Every piece of mail filed pursuant to this Section shall be clearly legible.
- (iv) The Ethics Commission may permit any required statement or mailing to be filed by facsimile.

#### SEC. 1.161. CAMPAIGN ADVERTISEMENTS.

- (a) DISCLAIMERS. In addition to complying with the disclaimer requirements set forth in Chapter 4 of the California Political Reform Act, California Government section 84100 et seq., and its enabling regulations, all committees making expenditures which support or oppose any candidate for City elective office or any City measure shall also comply with the following additional requirements:
- (1) TOP TWO CONTRIBUTORS. The disclaimer requirements for primarily formed independent expenditure committees and primarily formed ballot measure committees set forth in the Political Reform Act with respect to a committee's top two major contributors shall apply to contributors of \$20,000 or more. The Ethics Commission may adjust this monetary threshold to reflect any increases or decreases in the Consumer Price Index. Such adjustments shall be rounded off to the nearest five thousand dollars.
- (2) WEBSITE REFERRAL. Each disclaimer required by the Political Reform Act or its enabling regulations and by this section shall be followed in the same required format, size and speed by the following phrase: "Financial disclosures are available at sfethics.org." A substantially similar statement that specifies the web site may be used as an alternative in audio communications.
  - (3) MASS MAILINGS AND SMALLER WRITTEN ADVERTISEMENTS.

(3) The Ethics Commission shall specify the method for filing copies of advertisements and mass mailings.

SEC. <u>1.161.5</u>. <u>1.162.</u> <u>DISCLOSURE AND FILING FOR ELECTIONEERING</u> COMMUNICATIONS.

#### (a) DISCLOSURE STATEMENTS DISCLAIMERS.

- (1) Every electioneering communication for which a statement is filed pursuant to subsection (b) shall include a disclosure statement the following disclaimer: "Paid for by (insert the name of the person who paid for the communication)." and "Financial disclosures are available at sfethics.org." identifying the person who paid for the communication. Such disclosure statement shall, at a minimum, contain the following words, "paid for by \_\_\_\_\_\_ (insert the name of the person who paid for the communication)."
- (2) Any disclosure statement required by this section to be in printed form shall be printed in a type and color so as to be easily legible to the intended public. Such disclosure statement shall be printed in at least 14 point type and in a color or print that contrasts with the background so as to be easily legible to the intended public.
- (3) Any disclosure statement required by this Section to be in spoken form shall be spoken at the same volume and speed as the rest of the communication so as to be clearly audible and understood by the intended public and otherwise appropriately conveyed for the hearing impaired.
- (2) Any disclaimer required by this Section shall be included in or on an electioneering communication in a size, speed or format that complies with the disclaimer requirements for independent expenditures supporting or opposing candidates set forth in the Political Reform Act and its enabling regulations.
- (3) Notwithstanding subsection (a)(2), any disclaimer required by this Section to appear on a mass mailing, door hanger, flyer, poster, oversized campaign button or bumper sticker, or print advertisement shall be printed in at least 12-point font.

## (b) REPORTING OBLIGATIONS.

- (1) Every person who makes payments for electioneering communications in an aggregate amount of \$1,000 per candidate during any calendar year shall, within 48 24 hours of each disclosure date distribution, file an itemized a disclosure statement with the Ethics Commission, unless that person is otherwise required to file disclosures regarding the communication under Section 1.134, 1.152, or 1.161 of this Code. For the purposes of this subsection, payments for a communication that refers only to one candidate shall be attributed entirely to that candidate.

  Payments for a communication that refers to more than one candidate, or also refers to one or more ballot measures, shall be apportioned among each candidate and measure according to the relative share of the communication dedicated to that candidate or measure.
- (2) Each *itemized* disclosure statement required to be filed under this Section shall contain the following information *for each communication*:
- (A) the full name, street address, city, state and zip code of the person making payments for electioneering communications;
- (B) the name of any individual sharing or exercising direction and control over the person making payments for electioneering communications;
- (C) the total amount of payments made by the person for electioneering communications during the calendar year;
- (D) a detailed description of each payment made by the person for electioneering communications during the ealendar year, provided that the person has not already reported such payments on an itemized disclosure statement filed under this Section; such detailed description shall include the date the payment was made, the full name and address of the person to whom the payment was made; the amount of the payment, and a brief description of the consideration for which each payment was made;

(C) the distribution date of the electioneering communication, the name(s) and office(s) of the candidate(s) for City elective office or City elective officer(s) referred to in the communication, the payments for the communication attributable to each such candidate or officer, a brief description of the consideration for which the payments were made, whether the communication supports, opposes, or is neutral with respect to each such candidate or officer, and the total amount of reportable payments made by the person for electioneering communications referencing each such candidate or officer during the calendar year;

(E) a detailed accounting of any payments of \$100 or more that the person has received from another person, which were used for making electioneering communications, provided that the person has not already reported such payments received on an itemized disclosure statement filed under this Section; such detailed accounting shall include the dollar amount or value of each payment, the date of the payment's receipt, the name, street address, city, state, and zip code of the person who made such payment, the occupation and employer of the person who made such payment, if any, or, if the person is self-employed, the name of the person's business, and the cumulative amount of payments received for the purpose of making electioneering communications from that person during the calendar year:

(D) for any payments of \$100 or more that the person has received from another person, which were used for making electioneering communications, the date of the payment's receipt, the name, street address, city, state, and zip code of the person who made such payment, the occupation and employer of the person who made such payment, if any, or, if the person is self-employed, the name of the person's business, and the cumulative amount of payments received from that person during the calendar year which were used for making electioneering communications;

(F) the total amount of all payments reported under Subsection (E) during the calendar year;

(v) communications that appear on bumper stickers, pins, stickers, hat bands, badges, ribbons and other similar memorabilia;

(vi) news stories, commentaries or editorials distributed through any newspaper, radio station, television station, or other recognized news medium unless such news medium is owned or controlled by any political party, political committee or candidate;

(vii) communications to all members, employees and shareholders of an organization, other than a political party, provided that such communications do not constitute general public advertising such as, but not limited to, broadcasting, billboards, and newspaper advertisements;

(viii) that occur during a candidate debate or forum; and

(ix) communications made solely to promote a candidate debate or forum made by or on behalf of the person sponsoring the debate or forum, provided that such communications do not otherwise discuss the positions or experience of a candidate for City elective office or a City elective officer who is the subject of a recall election.

(4) "Internet Communication" shall include paid internet advertisements such as "banner" and "pop up" advertisements, paid emails or emails sent to addresses purchased from another person, and similar types of internet communications as defined by the Ethics Commission by regulation, but shall not include web blogs, listserves sent to persons who have contacted the sender, discussion forums, or general postings on web pages.

- (5) "Payment" shall be defined as set forth in Government Code of the State of California (commencing at Section 81000); provided, however, that "payment" shall also include any enforceable promise to make a payment.
- (6) "Refers to a clearly identified candidate for City elective office or a City elective officer who is the subject of a recall election" shall mean any communication that contains the candidate's or officer's name, nickname or image or makes any other unambiguous reference to the candidate or officer such as "your Supervisor" or "the incumbent."

| (D) REGULATIONS. The Ethics Commission shall issue regulations implementing this                         |
|--|
| Section, including regulations defining all members, employees and shareholders of an organization.      |
| SEC. 1.162. DISCLOSURE REQUIREMENTS-CAMPAIGN ADVERTISEMENTS.   |
| (a) Disclosure. Any campaign advertisement that urges support for or opposition to one or                |
| more candidates for City elective office shall include a disclosure statement identifying the person who |
| paid for the advertisement. Such disclosure statement shall, at a minimum, contain the following         |
| words, "paid for by (insert the name of the person who paid for the communication)"                      |
| and appear at least once on the advertisement.   |
| (1) Any disclosure statement required by this section to be in printed form shall be                     |
| printed in a type and color so as to be easily legible to the intended public. Such disclosure statement |
| shall be printed in at least 14-point type and in a color or print that contrasts with the background so |
| as to be easily legible to the intended public.  |
| (2) Any disclosure statement required by this section to be in spoken form shall be                      |
| spoken at the same volume and speed as the rest of the communication so as to be clearly audible and     |
| understood by the intended public and otherwise appropriately conveyed for the hearing impaired.         |
| (b) Definitions. For the purposes of this Section, the term "campaign advertisement" means:              |
| (1) Programming received by a television or radio;   |
| (2) A communication placed in a newspaper; periodical or magazine of general                             |
| circulation;   |
| (3) Posters, door hangers, and yard signs produced in quantities of 200 or more; and                     |
| (4)-A billboard.   |
| SEC. 1.163. DISCLOSURE REQUIREMENTS-RECORDED TELEPHONE MESSAGES.   |
| Any recorded telephone-message distributed to 500 or more individuals or households must                 |
| include the following statement: "paid for by (insert name of person who paid for the                    |

recorded telephone message)." Statements required pursuant to this Section shall be audible and

played at the same volume and speed as the rest of the recorded telephone message. Any person paying for a recorded telephone message must maintain a transcript of the message and a record of the number of distributed calls for each message.

#### SEC. 1.163. MEMBER COMMUNICATIONS.

- (a) Every person who makes payments for member communications in an aggregate amount of \$1,000 per candidate within the 90 days prior to an election shall, within 24 hours of each distribution, file a disclosure statement with the Ethics Commission. For the purposes of this subsection, payments for a communication that supports or opposes only one candidate shall be attributed entirely to that candidate. Payments for a communication that supports or opposes more than one candidate, or also supports or opposes one or more ballot measures, shall be apportioned among each candidate and measure according to the relative share of the communication dedicated to that candidate or measure.
- (b) Each disclosure statement required to be filed under this Section shall contain the following information:
- (1) the full name, street address, city, state and zip code of the person making payments for member communications;
- (2) the name of any individual sharing or exercising direction and control over the person making payments for member communications;
- (3) the distribution date of the member communication, the name(s) and office(s) of the candidate(s) for City elective office or City elective officer(s) referred to in the communication, the payments for the communication attributable to each such candidate or officer, a brief description of the consideration for which the payments for such costs were made, whether the communication supports or opposes each such candidate or officer, and the total amount of reportable payments made by the person for member communications supporting or opposing each such candidate or officer during the calendar year:
  - (4) a legible copy of the member communication; and

| <u>(A)</u>               | if the | communication   | is a  | telephone  | call, | а сору | of the | script | and i | if the |
|--------------------------|--------|-----------------|-------|------------|-------|--------|--------|--------|-------|--------|
| <del></del>              | •      |                 |       | •          |       |        | ,      |        |       | •      |
| communication is recorde | d, the | recording shall | be pi | rovided; o | r     |        |        |        |       |        |

- (B) if the communication is audio or video, a copy of the script and an audio or video file shall be provided.
- (5) any other information required by the Ethics Commission consistent with the purposes of this Section.
- (c) The filer shall verify, under penalty of perjury, the accuracy and completeness of the information provided in the disclosure statement, and shall retain for a period of five years all books, papers and documents necessary to substantiate the statements required by this Section.
  - (d) REGULATIONS. The Ethics Commission may issue regulations implementing this Section.
- Section 3. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

Section 5. Severability. If any section, subsection, sentence, clause, phrase, or word of this ordinance, or any application thereof to any person or circumstance, is held to be

invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of the ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and each and every section, subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this ordinance or application thereof would be subsequently declared invalid or unconstitutional.

APPROVED AS TO FORM:

DENNIS J. HEBRERA, City Attorney

By:

ANDREW SHEN Deputy City Attorney

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### **LEGISLATIVE DIGEST**

[Campaign and Governmental Conduct Code - Amending Campaign Disclaimer and Disclosure Requirements]

Ordinance amending the Campaign and Governmental Conduct Code to simplify and consolidate campaign finance disclaimer and disclosure requirements.

#### **Existing Law**

#### 1. Contribution Limits

#### a. Aggregate limit

Section 1.114(a)(2) imposes an aggregate limit on contributions to City candidates in a given City election. Under this aggregate limit, no person may contribute more than \$500 multiplied by the number of City elective offices to be voted on at that election. In *McCutcheon v. Federal Election Commission*, 134 S.Ct. 1434 (2014), the United States Supreme Court struck down as unconstitutional a similar federal law limiting how much an individual could contribute to federal candidates, parties and PACs in a two-year election cycle. At its meeting on May 28, 2014, the Ethics Commission adopted a resolution stating that it will not enforce the aggregate limit in Section 1.114(a)(2) against contributors in City elections given the *McCutcheon* decision.

# b. Contributions to independent committees

Section 1.114(c) imposes limits on contributions to independent committees not controlled by a City candidate or officeholder. On September 20, 2007, Judge Jeffrey White of the United States District Court for the Northern District of California enjoined enforcement of this section and, in accordance with the District Court's order, the City has not enforced this contribution limits since that date.

# 2. Third-Party Disclosure Reports

Local law currently requires third-parties to file disclosure reports with the Ethics Commission to (1) allow the Ethics Commission to track spending for the purposes of the City's public financing system, and (2) provide the public with information about who is spending money to affect local elections. To fulfill these purposes, local law requires disclosure reports – typically consisting of a copy of the communication and information about its funding – regarding the following types of communications:

a. Mass mailings - over 200 pieces of mail advocating for or against a candidate

(Section 1.161(b));

- b. <u>Electioneering communications</u> communications that clearly identify a candidate within 90 days of a City election and are distributed to 500 or more people (Section 1.161.5(b));
- c. <u>Persuasion polls</u> telephone surveys referencing a candidate which are made through at least 1,000 calls, of which at least one is within 60 days of a City election, and which meet certain other criteria (Section 1.160.5); and
- d. <u>"\$5,000 reports"</u> independent expenditures, electioneering communications, and member communications for or against candidates in races where there is at least one publicly financed candidate or where at least one candidate has accepted a voluntary expenditure ceiling (Sections 1.134, 1.152).

In addition to these local law requirements, within 90 days of an election, state law imposes a 24-hour reporting requirement for persons making independent expenditures of \$1,000 or more which support or oppose a City candidate. To comply with this separate state law requirement, persons making such independent expenditures must file a state disclosure form (FPPC Form 496) with the Ethics Commission.

Under current law, it is possible that a third-party – pursuant to all of these distinct thresholds – would be required to file more than one report for a single communication.

3. <u>Disclaimers on Election-Related Communications (e.g., "Paid for by ...")</u>

Local law currently requires any person distributing an election-related communication to include – on the communication itself – basic information about its funding so that voters will be able to know immediately who is paying for it. Currently, local law requires the following disclaimers:

- a. mass mailings, television ads, radio ads, newspaper ads, posters, door hangers, yard signs billboards, and robo-calls must include a "Paid for by" disclaimer (followed by sender information) in 14-point type or, if spoken, at the same volume and speed as the rest of the communication (Sections 1.161, 1.161.5, 1.162 & 1.163);
- b. mass mailings sent by third-parties (*i.e.*, non-candidates) must include a different disclaimer appearing in 14-point type that states it "is not authorized or approved by any candidate for City and County office or by any election official" and provides information about the communication's funder (Section 1.161); and

c. persuasion polls must include a disclaimer stating that the call is, in fact, a paid political advertisement and identifying both the funder and the person making the call (Section 1.160.5).

In addition to these local law requirements, state law imposes different – and potentially conflicting – disclaimer requirements. For example, state law generally requires disclaimers to appear 10-point font and specifies different phrasing than what is set forth in local law. State law also requires disclaimers for ballot measure committees and primarily formed independent expenditure committees to include the names of the committee's top two donors of \$50,000 or more.

#### Amendments to Current Law

#### 1. Contribution Limits

The proposed amendments delete sections 1.114(a)(2) and 1.114(c) in their entirety.

#### 2. Third-Party Disclosure

The proposal amends sections 1.134, 1.135, 1.143, 1.152, 1.160.5, 1.161, 1.161.5, 1.162, and 1.163 to make the following changes to locally-mandated disclosure reporting:

- remove the mass mailing, persuasion poll and \$5,000 disclosure reporting requirements;
- lower the reporting threshold for member communications (*i.e.*, communications by an organization to its members made within 90 days of an election and which advocate for or against a City candidate);
- standardize the reporting threshold for independent expenditures, electioneering communications, and member communications at \$1,000 per candidate;
- require the filing of copies of all reported independent expenditures, electioneering communications, and member communications; and
- consistent with state law, require 24-hour reporting within 90 days of an election.

# 3. <u>Disclaimers on Campaign Communications</u>

The proposal amends sections 1.161, 1.162, and 1.163 so that state law would generally apply, with the following modifications:

- require 12-point type for all disclaimers on mass mailers, door hangers, flyers, posters.
   oversized buttons and bumper stickers, and print ads;
- require independent expenditure and ballot measure committees to report their two top funders who have contributed at least \$20,000; and

 require a reference to the Ethics Commission's website for more information about campaign activity and spending.

#### **Background Information**

Under Campaign and Governmental Conduct Code section 1.103, the Board of Supervisors may amend the campaign finance provisions of the Code if:

- (a) The amendment furthers the purposes of this Chapter;
- (b) The Ethics Commission approves the proposed amendment in advance by at least a four-fifths vote of all its members;
- (c) The proposed amendment is available for public review at least 30 days before the amendment is considered by the Board of Supervisors or any committee of the Board of Supervisors; and
- (d) The Board of Supervisors approves the proposed amendment by at least a two-thirds vote of all its members.

At its January 26 and February 23, 2015 meetings, the Ethics Commission considered and unanimously approved the proposed amendments.

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#### BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

# MEMORANDUM

TO:

Nicole Elliott, Mayor's Office

John Arntz, Director, Department of Elections

John St. Croix, Executive Director, Ethics Commission

George Gascon, District Attorney

Jose Cisneros, Treasurer Ross Mirkarimi, Sheriff

Carmen Chu, Office of the Assessor-Recorder

Jeff Adachi, Public Defender

Richard Carranza, Superintendent of Schools

FROM:

Alisa Somera, Clerk, Rules Committee

**Board of Supervisors** 

DATE:

March 30, 2015

SUBJECT:

LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee has received the following proposed legislation, introduced by Supervisor Breed on March 24, 2015. This matter is being referred to you for informational purposes since it affects your department.

#### File No. 150294

Ordinance amending the Campaign and Governmental Conduct Code to simplify and consolidate campaign finance disclaimer and disclosure requirements.

If you wish to submit any reports or documentation to be considered with the legislation, please send those to me at the Board of Supervisors, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102.

c: Cristine Soto DeBerry, Office of the District Attorney
Amanda Kahn Fried, Office of the Treasurer & Tax Collector
Katherine Gorwood, Sheriff's Department
Edward McCaffrey, Office of the Assessor-Recorder
Chris Armentrout, San Francisco Unified School District
Jamila Brooks, San Francisco Unified School District

Print Form

# **Introduction Form**

By a Member of the Board of Supervisors or the Mayor

| I hereby submit the following item for introduction (select only one):  | or meeting date  |
|---|--|
| 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Ch   | narter Amendment)  |
| <ul><li>2. Request for next printed agenda Without Reference to Committee.</li></ul>                              |  |
| ☐ 3. Request for hearing on a subject matter at Committee.  |  |
| 4. Request for letter beginning "Supervisor   | inquires"  |
| ☐ 5. City Attorney request.   |  |
| ☐ 6. Call File No. from Committee.  |  |
| ☐ 7. Budget Analyst request (attach written motion).  |  |
| □ 8. Substitute Legislation File No.  |  |
| 9. Reactivate File No.  |  |
| 10. Question(s) submitted for Mayoral Appearance before the BOS on  |  |
| Note: For the Imperative Agenda (a resolution not on the printed agenda), us                                      | Ethics Commission etion Commission se a Imperative Form. |
| Sponsor(s):   |  |
| Breed   |  |
| Subject:  | 1D' 1 D ' 4  |
| Campaign and Governmental Conduct Code – Amending Campaign Disclaimer a   | and Disclosure Requirements                              |
| The text is listed below or attached:   |  |
| Ordinance amending the Campaign and Governmental Conduct Code to simplify disclaimer and disclosure requirements. | and consolidate campaign finance                         |
| Signature of Sponsoring Supervisor:   | P  |
| For Clerk's Use Only:   |  |

150294

Time stamp