

**CITY OF SAN DIEGO
ETHICS COMMISSION**

M E M O R A N D U M

DATE: May 8, 2015

TO: Chair and Members of the San Diego Ethics Commission

FROM: Stacey Fulhorst, Executive Director

SUBJECT: Amendments to Lobbying Laws
Docketed for Discussion at Ethics Commission Meeting on May 14, 2015

As you know, the Commission recently completed its consideration of proposed amendments to the laws related to professional expense funds, which include an update to the lobbying laws that will require lobbying firms and organization lobbyists to disclose their contributions to, and fundraising activities for, a candidate's or elected official's professional expense committee. It is therefore timely for the Commission to consider an additional proposal concerning lobbyist disclosure of campaign contributions. Specifically, during the course of recent advisory and enforcement activities, staff realized that there is an inadvertent loophole in the existing laws for organizations that have created "sponsored" committees. An organization is deemed to be a "sponsor" of a committee if it meets any of the following criteria:

- the committee receives 80 percent or more of its contributions either from the organization or from the organization's members, officers, employees or shareholders; or
- the organization collects contributions for the committee by use of payroll deductions or dues from its members, officers or employees; or
- the organization provides, alone or in combination with other organizations, all or nearly all of the administrative services for the committee; or
- the organization sets, alone or in combination with other organizations, the policies for soliciting contributions or making expenditures of committee funds.

SDMC § 27.2903; FPPC Regulation 18419.

Although current law requires lobbying entities to disclose the contributions they make to independent committees formed to support or oppose City candidates, they are not required to disclose similar contributions made by committees they sponsor. This is a significant omission in light of the fact that both business and labor organizations have established and funded

Page 2

Chair and Members of the San Diego Ethics Commission
May 8, 2015

sponsored committees that serve as the vehicles for their campaign activities. Although a sponsored committee might accept contributions from sources other than the sponsoring organization, the sponsor is typically responsible for decisions concerning the committee's fundraising and expenditures. Whether an entity becomes a committee sponsor by virtue of its 80% funding status or its control over the committee's political activities, it seems relevant for the Commission to consider expanding disclosure requirements to include contributions made by that entity's sponsored committees. Although lobbying firms have not historically established sponsored committees, the more consistent and comprehensive approach would be to include both types of lobbying entities in an expanded disclosure requirement.

A strike-out reflecting proposed amendments is attached for your review. In addition to the above-referenced policy issue, the strike-out reflects housekeeping amendments concerning the definitions of "City Official" and "public hearing," as well as the disclosure of client compensation by lobbying firms.

Stacey Fulhorst
Executive Director

Attachment