



UPDATE REGARDING SAN DIEGO'S CAMPAIGN FINANCE LAWS

This bulletin supplements previous Ethics Commission bulletins concerning the impact of the *Thalheimer v. City of San Diego* lawsuit on the City's Election Campaign Control Ordinance. In particular, with regard to the enforcement of San Diego Municipal Code section 27.2936(b)'s attribution rules, this bulletin supersedes the Commission's bulletins dated July 12, 2010, and September 10, 2010. All previous bulletins are available on the Commission's website: www.sandiego.gov/ethics.

On January 20, 2012, the United States District Court issued an order granting in part and denying in part Plaintiffs' and Defendants' motions for summary judgment. As discussed in greater detail below, the District Court's recent ruling is generally consistent with its previous rulings on the Plaintiffs' motion for a preliminary injunction with one important difference: the Court struck down the City's \$1,000 contribution limit for political parties. Although political parties are now permitted to make unlimited contributions to City candidates, the District Court ruled that party contributions to candidates must comply with the City's attribution requirements in order to prevent circumvention of the City's individual contribution limits. Therefore, any political party that makes a contribution to a City candidate must comply with the following rules:

- ✓ All contributions from a political party to a City candidate must be funded with donations obtained from individuals – not corporations, partnerships, sole proprietorships, or any other type of non-human entity.
- ✓ A political party must also comply with the City's \$500 contribution limit when using funds to make contributions to a City candidate. In other words, a political party may only use up to \$500 of an individual donor's funds (per candidate per election) when making a contribution to a City candidate.

With regard to issues other than political party contributions, the District Court order generally affirmed its previous rulings, as follows:

1. Candidates for elective City office are not prohibited from spending their own money prior to the 12-month pre-election fundraising period.
2. The 12-month pre-election fundraising period remains in effect for all contributions to City candidates from sources other than the candidate's personal funds.

3. The City's \$500 limit remains in place for individual contributions made directly to a City candidate.
4. Non-individual entities, other than political parties, are prohibited from contributing directly to a City candidate.
5. There are no limits or source prohibitions for contributions to committees making independent expenditures, i.e., expenditures that are not coordinated with a candidate. Individuals and non-individual entities (e.g., corporations, partnerships, sole proprietorships) may contribute unlimited amounts to committees making independent expenditures supporting or opposing a City candidate.

At this time, both parties have the right to appeal the Court's January 20, 2012, order. Therefore, the *Thalheimer* litigation may result in additional changes to San Diego's campaign finance laws. Please contact the Ethics Commission at ethicscommission@sandiego.gov or 619-533-3476 if you have questions regarding this matter.

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