



## FACT SHEET ON THE DISCLOSURE OF FUNDRAISING ACTIVITIES

The City's Lobbying Ordinance requires lobbying firms and organization lobbyists to report the fundraising activities their owners, compensated officers, and lobbyists engage in to support City candidates, or to benefit committees that make independent expenditures to support or oppose City candidates. This fact sheet is designed to offer general guidance with regard to this reporting requirement, but should not be considered a substitute for the actual language contained in the Lobbying Ordinance.

### GENERAL RULES

- ❖ Under the Lobbying Ordinance, whether or not a person is engaging in “fundraising activity” is determined by a two-part test. To engage in “fundraising activity,” you must:
  - (1) **SOLICIT A CONTRIBUTION:** you solicit, or direct others to solicit, campaign contributions from one or more contributors; and,
  - (2) **TAKE CREDIT FOR THE CONTRIBUTION:** you either (a) personally deliver \$2,000 or more in contributions to a City candidate or committee, or (b) identify yourself to a City candidate or committee as having “any degree of responsibility” (see Taking Credit section below) for \$2,000 or more in contributions received as a result of that solicitation.
- ❖ In other words, you are engaging in fundraising activities if you ask friends, family members, associates, acquaintances, or other individuals to make campaign contributions to a particular candidate or committee, and you also take some action to let the candidate or committee know that you played a part in the collection of those contributions.
- ❖ For purposes of the fundraising activities rule, a contribution given to a candidate's committee is the same as a contribution given directly to the candidate.
- ❖ Fundraising activities include efforts that go beyond soliciting contributions directly for candidates. Lobbying firms and organization lobbyists must also disclose fundraising efforts that benefit “independent” committees that are primarily formed to support or oppose City candidates. (Note that fundraising for “general purpose” committees is not reportable.)
- ❖ Keep in mind that you are engaging in fundraising activities only if your solicitations are successful in providing the candidate or committee with at least \$2,000 in contributions. If you ask a dozen friends to contribute, but none of them gives the candidate or committee a contribution, or if only a few hundred dollars is collected, then you have not reached the “fundraising activities” threshold.
- ❖ Campaign contributions can be monetary, e.g., check, cash, or credit card. They can also be non-monetary, which includes tangible goods, discounts not offered to the public in the regular course of business, forgiveness of loans, and payments made on behalf of, or at the behest of, the candidate or committee.
- ❖ The \$2,000 threshold applies to individuals, not to the entire firm or organization. Do not aggregate the fundraising activities of two or more individuals in a firm or organization in order to reach the threshold. (Note, however, that if two or more individuals are involved in the same fundraising effort, the total amount raised applies to each individual – see reporting rules below).

- ❖ The \$2,000 threshold applies to contributions for a single candidate or committee, not for all candidates or committees involved in the election. An individual who helps raise \$1,000 for Candidate A in a council district race and another \$1,000 for Candidate B in a mayoral race has not met the threshold. Similarly, if an individual helps raise \$1,000 for Candidate A and another \$1,000 for a committee primarily formed to support Candidate A, the \$2,000 threshold has not been reached.

### **SOLICITING A CAMPAIGN CONTRIBUTION**

- ❖ Soliciting a campaign contribution means to either (1) personally ask someone to give a contribution to a candidate or committee, or (2) host, co-host, or sponsor a campaign fundraising event.
- ❖ Hosting, co-hosting, or sponsoring a campaign event includes the following activities, even if you are only one member of a host committee for an event:
  - ✓ providing your home or office for a fundraising event (without charging market value);
  - ✓ providing goods or services at a fundraising event (without charging market value);
  - ✓ inviting people to attend a fundraising event; and,
  - ✓ giving a list of prospective invitees or contributors to the candidate or committee.
- ❖ Hosting a campaign event does not include solely supplying your name to be used on the invitation to an event. This is commonly referred to as an “honorary host.”

### **TAKING CREDIT FOR A CONTRIBUTION**

- ❖ An essential part of engaging in fundraising activities is the act of identifying yourself to the candidate or committee as having some responsibility for their receipt of \$2,000 or more in contributions.
- ❖ The following are examples of scenarios in which John Smith would be identifying himself as having some degree of responsibility for raising campaign contributions:
  - ✓ John identifies himself to the candidate as being the host of an event that results in contributions to the candidate.
  - ✓ John identifies himself to a committee as providing the home or office where the committee’s fundraiser takes place.
  - ✓ John is listed as a member of the host committee on invitations produced in connection with a fundraising event.
  - ✓ John codes contribution envelopes in some manner that lets the candidate know that John was involved with obtaining the contributions inside the envelopes.
  - ✓ John provides the committee with a list of individuals whom John solicited for contributions.
  - ✓ John has a messenger deliver to the candidate a bundle of contributions accompanied by some indication that the bundle is from John.

### **REPORTING FUNDRAISING ACTIVITY**

- ❖ If you engaged in fundraising activities by soliciting contributions and taking some amount of credit with the candidate or committee for raising \$2,000 or more, then these activities must be disclosed on your firm’s or organization’s Registration Form as well as on its Quarterly Disclosure Report.
- ❖ The Registration Form must contain the name of each owner, compensated officer, and lobbyist of the lobbying firm or organization lobbyist who engaged in fundraising activities that benefitted a

current elected City Official during the past two years, along with the name of the applicable City Official.

- ✓ This disclosure requirement applies to fundraising performed directly for the elected City Official, as well as fundraising performed for a committee that was primarily formed to support that official.
- ✓ Fundraising activities need not be disclosed for a candidate who is not an elected City Official at the time the Registration Form is filed (a different rule applies for quarterly reports; see discussion below). Keep in mind, however, that fundraising activities not disclosed on a Registration Form one year may need to be disclosed the following year if the candidate becomes an elected City Official.
- ✓ This provision does not apply to fundraising by a non-compensated officer (e.g., unpaid board member), even if that officer has lobbied a City Official.
- ❖ The Quarterly Disclosure Report must contain the name of each owner, compensated officer, and lobbyist of the lobbying firm or organization lobbyist who engaged in fundraising activities for a City candidate or a primarily formed candidate committee during the reporting period; the name of the applicable committee (either the candidate's own committee or the primarily formed committee); a description of the ballot measure if the contributions were made to a candidate-controlled ballot measure committee; the date(s) of the fundraising activities; a brief description of the fundraising activities; and the approximate amount of contributions raised.
  - ✓ Unlike Registration Forms, fundraising activities that benefitted any City candidate or committee must be reported on a Quarterly Disclosure Report, not just the fundraising activities that benefitted a candidate who is currently an elected City Official.
  - ✓ This provision does not apply to fundraising by a non-compensated officer (e.g., unpaid board member), even if that officer has lobbied a City Official.
- ❖ Firms and organizations must report all fundraising-related activities that caused an individual to reach or exceed the \$2,000 threshold during the reporting period. For example, a lobbyist who helps raise \$1,600 in contributions at an April fundraiser, and then helps raise another \$400 at a June fundraiser for the same candidate or committee has reached the \$2,000 threshold for the reporting period, and his or her firm or organization must report both fundraising efforts on its Quarterly Disclosure Report.
- ❖ The amount of contributions to report is the total amount raised, even if the individual in question was one of several persons involved in raising those contributions. Do not divide the total amount raised by the number of persons involved in the fundraising activities. For example, Jane is a lobbyist at a lobbying firm, and Thomas is a vice president of an organization lobbyist. They decide to jointly hold a fundraiser on February 10 to support a particular candidate in an upcoming City election. They both invite friends and work associates.
  - ✓ At the event, invitees give remittance envelopes holding contribution checks to both Jane and Thomas. The candidate and a member of his staff make an appearance at the event, and before they leave, the candidate's staff member picks up the remittance envelopes, which contain a total of \$5,000 in contributions.
  - ✓ Because the candidate knows that both Jane and Thomas hosted the event, and because more than \$2,000 was raised as a result of their efforts, Jane and Thomas both engaged in "fundraising activities."

- ✓ Neither Jane nor Thomas knows how much money was collected at the fundraising event. They are reasonably confident, however, that it exceeded the \$2,000 threshold. They contact the campaign committee to obtain the total contribution amount.
- ✓ Jane's lobbying firm will report Jane's fundraising activity on its next Quarterly Disclosure Report, showing that Jane had some responsibility for raising \$5,000 for the candidate at a fundraising event held on February 10. Thomas's employer will report the same information on its Quarterly Disclosure Report, indicating that Thomas had some responsibility for \$5,000 raised at that event.
- ❖ As indicated by the above scenario, there is no need to determine anyone's proportionate share of involvement in obtaining campaign contributions for a candidate. Simply report the total amount of contributions that you helped collect. As indicated by this example, the same total amount might be reported by more than one lobbying firm or organization lobbyist.
- ❖ The same conclusion would be reached if Jane and Thomas served as members of a larger host committee for a fundraising event at which Jane donated the use of her house and Thomas provided a list of prospective contributors, and both were listed as host committee members on the event invitation. In such a scenario, Jane's firm and Thomas' employer would both report all contributions raised in connection with the event. As active members of a host committee, Jane and Thomas each had some degree of responsibility for all contributions received.
- ❖ Schedule E of the Quarterly Disclosure Report contains a box that can be checked to indicate that an individual was not solely responsible for the total amount of contributions raised, e.g., was only one member of a host committee.

If you have any questions concerning fundraising activities, please contact the Ethics Commission at (619) 533-3476.

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