



Ad Hoc on Lobbyist Ordinance - Progress Report

**Ethics Commission Meeting
May 10, 2023**

Presentation Overview

- The Ad Hoc met multiple times these past two months to consider input from various sources
- Changes from the February Ad Hoc Report
- Explanation of current key recommendations



Changes from the February Ad Hoc Report

Lobbying Ad Hoc has modified certain recommendations as follows:

- Eliminated the proposed requirement for registration and disclosure by Business Improvement Districts, neighborhood associations, and project area committees.
- Continued the exemption for small 501(c)(3) non-profits, defined as those that file IRS Form 990-EZ or 990-N, which are those with annual gross receipts less than \$200,000 and assets less than \$500,000. The reference to the IRS Form is an approach under consideration by the LA City Council and could change over time without the need for modification of the ordinance.
- Replaced requirement for entities to account for time spent in preparation for contacts with a requirement that entities disclose with their filings any materials provided to City leadership in connection with disclosed contacts.
- Replaced the proposed requirement for City electeds and staff to prepare reports of contacts by lobbyists, with appropriate funding to provide for robust audits of filings.

Explanation of Current Key Recommendations

Based upon the additional input, we are presently considering possible draft recommendations on key issues along the following lines:

No. 1 Advocacy

Expand the scope of the ordinance to cover efforts to influence City decision-making whether or not there is a specific matter pending for consideration. We have referred to this as “advocacy.” The current definition of “lobbying” has been interpreted to apply only when there is an effort to influence a specific legislative or administrative action. Organizations frequently seek to influence decision-makers in advance of a specific matter, educate City officials to influence decision-makers on topic(s), or even to raise new matters not yet under consideration by the City. These efforts would fall within the definition of advocacy.

No. 2 Threshold Disclosure

The existing threshold for registration and disclosure is inadequate to capture substantial efforts to influence City decision-making. For an organization that relies on its officers or employees to advocate on its behalf, the threshold would be reduced from 50 hours to 10 hours in a 3-month period, or 3 contacts within a month. The addition of the number of contacts is important: For example, assume Company X is lobbying for a change to the City's cannabis taxation, under the current ordinance the representatives of Company X could meet with every Council member and the Mayor for 55 minutes each and not trigger the ordinance and not be required to register and disclose.

No. 3 Additional Information Sought and Monthly Reporting

The current disclosure provisions require disclosure of the specific legislative or administrative action discussed but not the position advocated. This has led to very abbreviated disclosures that do not advance public understanding of the influences on decisions. Also, by the time the disclosure is filed, semi-annually, the matter may well have been decided and the public's opportunity to inform decision-makers of counter arguments is lost. The filer would be required to include in their report copies of any materials provided in connection with the disclosed contact.

No. 4 Changes to Exemptions for Non-profits

The current ordinance exempts 501(c)(3) non-profits entirely and non-profits that use uncompensated members or directors to lobby. Since 501(c)(3) non-profits have held a complete exemption, this latter provision has been applied largely for 501(c)(4)s, (5)s, and (6)s, to include chambers of commerce and groups formed by industry representatives. Note: For non-profits that lobby or advocate on their own behalf, i.e., that do not hire outside firms in the business of lobbying, the organization would register and file disclosures, not the individual officers or members who meet with City officials. Further, when non-profits seek grants, support bond issuances, and the like, we would recommend expansion of the existing exemption for contacts regarding bids and RFPs to cover such non-profit activities.

No. 4 Changes to Exemptions for Non-profits (cont.)

Why eliminate the exemptions for non-profits? Consider, for example, a major non-profit educational institution (operating as a 501(c)(3)) wants to open a satellite campus in Long Beach. The institution has identified several contiguous lots of land, one of which is owned by the City. The institution initiates contacts with City decision-makers to “sell” the advantages the institution would bring to Long Beach, in terms of jobs, academic partnerships, perhaps with a focus on marine studies, and internships. Others may have ideas about uses for the same land but, if the institution is exempt from registration and disclosure, no one may learn of this effort until quite late in the decision-making process.

Consider also a business league or construction trade association formed under 501(c)(6) of the Internal Revenue Code, which uses unpaid association officers to educate City leaders about the impact of affordable housing requirements on the industry. Under the current ordinance, the association need not disclose such contacts.

No. 5 Funds Audits and Education

The current level of staff assigned to manage the lobbyist registrations and disclosures can only verify that information is provided in all required categories. There is not sufficient staff to verify the accuracy of the information, determine if the information is adequate to inform the public of the content of the contact, or cross-check any of that information with other information possessed by the City. There is no ability to determine if an organization has failed to register when required or provided inaccurate information. We recommend robust, periodic audits, which will mean additional funding is needed. Also, there will be a need for substantial education when these changes are adopted and on an annual basis thereafter.

No. 6 Enforcement

The current enforcement (misdemeanor or infraction) may be pursued only by the City Attorney's office. We recommend addition of administrative penalties that may be pursued more expeditiously.

The above highlights key provisions of the Ad Hoc Committee recommendations at this time. Other potential changes raised in the report of the Ad Hoc submitted to the February and March meetings of the Ethics Commission remain under consideration.

Additional Steps

The Ad Hoc Committee wants to increase the information available to the public on a timely basis regarding efforts to influence decision-making without imposing undue burdens. To that end, the Committee intends to seek concurrence of the full Commission to hold appropriate public or Community meetings focused on potential changes to the current ordinance that would advance such goals.



Thank you