

Proposed Charter Amendment

Campaign Contribution Limitation Amendment

We, the People of the City of Merced do hereby amend Article X, “Elections” by designating the existing Article X as “Part I” and adding a new Part, “Part II, “Limitations on Campaign Contributions,” including Sections 1050 to 1057 to read as follows:

“Part II.

Limitations on Campaign Contributions

Sec. 1050. Purpose.

The purpose of this Part is to prevent corruption and the appearance of corruption by ensuring an environment in the City of Merced wherein all candidates for elective office are afforded an equal opportunity to raise campaign funds and to ensure that the amount contributed by any person or entity does not materially influence the outcome of any election or impact the decision-making of the City Council after the election. To achieve this purpose, this Part imposes a maximum limitation on the amount of campaign contributions which may be received from a single source for an election campaign.

Sec. 1051. Definitions.

For purposes of this Part, the words, terms, and phrases set forth below shall have the meaning as set forth below:

‘Candidate’ means any person running for the office of Mayor or City Council.

‘Entity’ means a proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, and

any other organization or group of persons acting in concert, other than a single person as defined in this Part.

‘Contribution’ means a cash or in-kind payment, or provision of goods and services which is made to the candidate or the candidate’s agent for the purpose of promoting the candidate’s campaign. A ‘contribution’ includes a ‘loan’ as defined herein.

‘Election Cycle’ means as follows:

1. For purposes of a candidate for the office of Mayor of the City, the term “election cycle” means any two-year period commencing on January 1 following a City election for the office of Mayor, and concluding on December 31 following the next succeeding City election for the office of Mayor.
2. For purposes of a candidate for the office of City Council, the term “election cycle” means any four-year period commencing on January 1 following a City election for the office of a City Council Member and concluding on December 31 following the next succeeding city election for that office.

‘Loan’ means the furnishing of cash, goods, or services to another party for temporary use with the agreement that it or its equivalent, with or without interest, will be returned. The term ‘loan’ as used herein shall not include a candidate lending to his/her campaign from the candidate’s personal resources—including obtaining a personal loan from a commercial lending institution, so long as the candidate is personally responsible for the repayment thereof.

‘Person’ means a single natural person.

Sec. 1052. Campaign Contribution Limitations.

1. Contribution by Persons.

No candidate shall receive either personally or through an agent, including, but not limited to, the candidate’s campaign treasurer, a contribution from a person, other than the candidate, which will cause the total amount contributed by such person in any election cycle for that candidate to exceed five-hundred dollars (\$500.00).

2. Contributions by an Entity or Entities.

No candidate shall receive either personally or through an agent, including, but not limited to, the candidate’s campaign treasurer, a contribution by an entity which would cause the total amount contributed by such entity in any election cycle for that candidate to exceed two-thousand dollars (\$2,000.00).

Sec. 1053. Loans.

No candidate shall procure a loan or loans from a person which exceeds five-hundred-dollars (\$500.00) or from an entity which exceeds two-thousand-dollars (\$2,000.00) during an election cycle. This restriction shall not apply to loans made by the candidate to the candidate’s campaign—including obtaining a personal loan from a commercial lending institution, so long as the candidate is personally responsible for the repayment thereof.

**Sec. 1054. Campaign Contribution Statements--
Supplemental Filing Requirements and Schedule.**

In addition to the requirements for filing a campaign disclosure or campaign statement imposed by the Political Reform Act, every candidate for Mayor or City Council shall file a duplicate copy of his/her campaign disclosure or campaign statement with the City Clerk at

the same time the candidate is otherwise required to file any campaign disclosure or campaign statement under the Political Reform Act.

Sec. 1055. Adjustment of Campaign Contribution Limits and Candidate Loans.

The campaign contribution limitations set forth in Sections 1052 and 1053 shall be adjusted annually by the City Clerk and noted in the official records of his/her office as follows:

- A. The base for computing the adjustment for inflation shall be the Consumer Price Index (“CPI”) for the area closest to the City, published by the United States Department of Labor, Bureau of Labor Statistics.
- B. If the CPI is discontinued or revised, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the index had not been discontinued or revised.

Sec. 1056. Penalty.

- A. Investigation. The City Clerk shall be charged with the responsibility to refer for prosecution all candidates required to file under this Part when the candidate fails to file. The City Clerk shall also investigate all alleged violations of this Part and after completing the investigation thereof, shall refer any violations he/she believes warrant prosecution to the City Attorney for prosecution. In conducting the investigation, the City Clerk shall have the power to compel the production of documents relating to the investigation.
- B. Misdemeanor. Any candidate who receives either personally or through an agent a contribution

greater than the amount allowed in this Part shall be guilty of a misdemeanor.

- C. Safe Harbor. Any candidate who receives either personally or through an agent a contribution greater than what is allowed in this Part shall have ten (10) days from the date of receipt of the contribution violating this Part to return the entire contribution to the donor or donors thereof to avoid prosecution hereunder.
- D. Infraction. Any candidate who fails to file campaign disclosure or campaign statements in compliance with Section 1054 of this Part shall be guilty of an infraction and upon conviction thereof shall pay a fine in the amount of five-hundred dollars (\$500.00).

Sec. 1057. Additional Regulations.

The City Council by Ordinance may adopt additional regulations and definitions which supplement, clarify, or are more restrictive than the provisions of this Part.”

Passed and adopted by the People of the City of Merced at a General Municipal Election held on this 6th day of November 2007 by the following votes:

Yes: _____
No: _____
Not Voting: _____