

Communication from Public

Name: Annie Marquit

Date Submitted: 03/06/2023 02:09 PM

Council File No: 22-0560

Comments for Public Posting: Dear Councilmember Krekorian I am a senior staff attorney at Public Counsel, a nonprofit law firm that provides free legal services to disadvantaged individuals and nonprofit organizations that serve such individuals in Los Angeles County. Both Public Counsel and our nonprofit clients engage in lobbying and other advocacy with the City of Los Angeles on behalf of people struggling with poverty, almost all of whom are grossly underrepresented in the City's decision-making process. Nonprofit lobbying and advocacy is necessary to allow these individuals to have meaningful access to this process. For these reasons, we oppose requiring 501(c)(3) organizations to register as lobbyists and report their hours spent lobbying. Instead, in order to promote transparency while ensuring that the communities represented by nonprofits are included in city decision-making, we would support a separate reporting track for nonprofits -- in particular, an exemption from registering and reporting lobbying hours. Tracking hours would impose a significant burden on nonprofits, especially smaller organizations. Note that the IRS requires 501(c)(3) organizations to track and report their lobbying activities and expenditures – however, since the definition of lobbying in the LAMLO differs from the IRS definition of lobbying, nonprofit organizations would have to create (and train staff on) two separate tracking systems. This administrative burden would divert charitable dollars from the important work nonprofits do for Los Angeles residents and will also discourage nonprofits from participating in City policy-making. Further, 501(c)(3)s are subject to a unique set of law that mitigates against the risk of abuse if exempted from registration and detailed reporting requirements. First, 501(c)(3)s are not allowed to do a substantial amount of lobbying under IRS rules; rather, at most, a 501(c)(3) can spend, at most, twenty percent of its budget in efforts to influence legislation. Nonprofits are required to report lobbying activity on its annual return with the IRS. Concerns about nonprofits serving as a “front group” for industry are misplaced. Public charities are required by IRS rules to have multiple sources of funding, and therefore cannot be funded by a handful of businesses and individuals. (Private foundations may have fewer funding sources but they are subject to a significant excise tax if engaged in lobbying). Moreover, since a 501(c)(3)

can only engage in an insubstantial amount of lobbying, it would not make sense for business groups to create a 501(c)(3) for the express purpose of influencing city decision-making, since at least 80 percent of the organization's expenses would have to be directed toward other activities. Last, nonprofits are subject to significant oversight from both the IRS and the California Attorney General, acting as a check on using charitable dollars for non-charitable purposes. Please consider imposing minimum reporting requirements on 501(c)(3) organizations engaged in City lobbying. We look forward to working with your offices to come up with an alternative that ensures both transparency and administrative ease. Thank you for considering our recommendations. Very truly yours, Annie Marquit

Communication from Public

Name: Wayne Williams

Date Submitted: 03/06/2023 02:18 PM

Council File No: 22-0560

Comments for Public Posting: I Strongly oppose creating a new exemption for 501c5s LA Fed is one of most powerful interest at LA City hall and notoriously, it was at the heart of our most recent scandals. Do not cave to their demands to be exempted from the MLO. They secretly conspired to launder a secret map in front of the commission, rig our council districts, and to install a representative in district 10. This adjustment would allow IBEW to continue to lobby for policies that benefit the fossil fuel industry while completely evading regulation. A Green Clean Los Angeles can't open that door! Unions are already exempted to speak on collective bargaining matters w/ the CAO, the Civil Service Commission, and the Employee Relations board. "Management decisions as to the working conditions of represented employees that clearly relate to the terms of such collective bargaining agreement or memorandum of understanding" are also exempt. So, exempting all unions leaves the ordinance vulnerable to legal challenge. Unions are different from for profit corporations, but the MLO covers a diverse group of people including architects and small business owners trying to navigate a complicated bureaucracy. Additionally, I strongly oppose any increase to the 501c3 exemption approved by the Gov Reform Committee. We can't afford to close loopholes while creating new ones The committees recommendation was narrowly tailored and provides a reasonable accommodation for genuinely small nonprofits The ethics commission proposal is an open invitation for special interests to create nonprofit front groups where they can avoid regulation. It would allow hundreds of thousands of dollars in lobbying to go completely unreported. Just this last year the "green hydrogen coalition" a 501c3 supported by socal gas, LADWP and the fossil fuel industry was registered to lobby on projects the council recently voted on. During the debate on the oil setback, the public facing lobbying effort wasn't led by the industry, it was an innocuous sounding 501c3 (Adolescent Rescue Mentoring Solutions of LA aka ARMS of LA) Many businesses, charter schools, chambers of commerce, and 501c4s already have affiliated or fiscally sponsored 501c3s. 42 Neighborhood Councils have submitted community impact statements to the council file on this item, and 32 of them specifically expressed opposition to the ethics commission's \$2mil exemption. 130 Neighborhood

Council Leaders signed onto a letter opposing the proposed exemptions. Large Nonprofits Some are arguing all 501c3's should be exempt from the MLO. REMEMBER!!!, Councilmember Ridley-Thomas is going on trial this week for his activity in trading favors with USC, which is of course a 501c3. Other notable large c3s with pre-existing influence over the city include the AIDS Healthcare Foundation and The Church of Scientology. A larger threshold allows greater flexibility to intentionally distribute lobbying activity amongst employees and amongst fiscally sponsored organizations or affiliated C4s to evade the thresholds. It's important to note that someone advocating on behalf of a union or nonprofit would only be required to register as a lobbyist if they exceeded \$5k in activity in a year. Someone being paid \$35 an hour could engage in 142 hours of lobbying activity before they would be required to register. Regarding Business Improvement Districts: I ask that you amend the language regarding Business Improvement Districts to clarify what will be considered covered under the scope of the contract for exempted communications. BIDs weigh in on a lot more than the delivery of municipal services. They seek policy change, zoning changes, approval of permits/entitlements, and reauthorization of their BIDs. BIDs are not representative of the community, they were created with the specific purpose of representing a special interest group: property owners and merchants. Compliance with the MLO doesn't require hiring an attorney. Ethics has staff devoted to answering questions about the law, and is able to give both informal and formal advice w/ immunity. LA is the only major city with a lobbying ordinance that uses time spent on advocacy as a measure. Some of our best and most well paid lobbyists are able to accomplish a lot with one phone call, e-mail, or text message. Nearly half of the 57 enforcement actions the ethics commission has brought over the last 7 years involved failure to register/report lobbying activity. Thank you, Wayne Williams Board Member / California Clean Money Campaign

Communication from Public

Name: CHRIS R RIDDLE

Date Submitted: 03/06/2023 01:32 PM

Council File No: 22-0560

Comments for Public Posting: I strongly oppose creating new exemptions for 501c5s The LA Fed is one of (if not the) most powerful interest at LA City hall, it was at the heart of our most recent scandals, we cannot cave to their demands to be exempted from the MLO The LA Fed secretly conspired to launder a secret map in front of the commission, rig our council districts, and to install a representative in district 10. This would allow the LA Police Protective League to bring their lobbyists in house and completely evade the reach of the MLO They spent over \$800K to convince our elected officials to put Measure C on the ballot, which dramatically weakened officer discipline. This would allow IBEW to continue to lobby for policies that benefit the fossil fuel industry while completely evading regulation. Unions are already exempted to speak on collective bargaining matters w/ the CAO, the Civil Service Commission, and the Employee Relations board. "Management decisions as to the working conditions of represented employees that clearly relate to the terms of such collective bargaining agreement or memorandum of understanding" are also exempt. Exempting all unions leaves the ordinance vulnerable to legal challenge. The first amendment does not allow you to pick and choose which voices to elevate at city hall. Unions are different from for profit corporations, but the MLO covers a diverse group of people including architects and small business owners trying to navigate a complicated bureaucracy.

Communication from Public

Name: LIONEL MARES

Date Submitted: 03/06/2023 11:46 PM

Council File No: 22-0560

Comments for Public Posting: Dear Council Representatives: I am disappointed with the decision of the committee. We worked really hard to get this far. Jamie York of the Reseda Neighborhood Council has worked tirelessly for this moment, but unfortunately Special Interests and Lobbyists have once again derailed this agenda item. I was shocked to hear Council Member Monica Rodriguez (Council District 7) have a council-aide call in to support an exemption to labor unions because she is friends with the Labor Union like Juan Herrera who had to resign his position because of his involvement with Nury Martinez in the fall of 2021. I am disgusted and appalled with so much corruption, special interests and lobbyists having too much influence and control of city government. I urged the city council to adopt the Municipal Lobbying Ordinance (MLO) without gutting it or weakening it. Jamie York, Glenn Bailey, myself and everyone else have been working hard to bring Ethics, Transparency and Accountability in City Hall. Don't let us down! Please. Sincerely, LIONEL MARES