

ORDINANCE NO. [REDACTED]

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CYPRESS, CALIFORNIA, AMENDING CHAPTER 2 (ADMINISTRATION), ARTICLE X (CAMPAIGN FINANCE REPORTING) OF THE CYPRESS MUNICIPAL CODE BY ADDING NEW SECTIONS 2-128.1 AND 2-128.2 ESTABLISHING A LOCAL CAMPAIGN CONTRIBUTION LIMIT AND DISCLOSURE OF TOP CONTRIBUTORS

WHEREAS, the California Political Reform Act of 1974 (“Political Reform Act”), Government Code Section 81000, et seq., was amended by the voters in 1988 to impose contribution limitations for statewide offices, and authorized local jurisdictions to enact their own contribution limits or other prohibitions; and

WHEREAS, effective January 1, 2021, AB 571 establishes a default campaign contribution limit and other campaign regulations for cities and counties without local campaign contribution limits, while continuing to authorize counties and cities to establish their own contribution limits for their elective offices; and

WHEREAS, in enacting this Ordinance, the City Council finds and declares that moderate monetary contributions to political campaigns are a legitimate form of participation in the American political process. It is the policy of this City to protect the integrity of the electoral process, and to serve the best interests of the citizens of this City by regulating campaign finance; and

WHEREAS, inherent in the high cost of election campaigning is the problem of improper influence, real or potential, exercised by campaign contributors over elected officials. It is the purpose and intent of the City Council in enacting this Ordinance:

To place realistic and enforceable limits on the amounts of money that may be contributed to political campaigns in city elections.

To preserve an orderly political forum in which individuals may express themselves effectively.

To prevent the exercise by campaign contributors of potential undue or improper influence over elected officials.

To promote participation in government and foster trust that the democratic process is not subverted by affluent special interest groups.

To inform the public of the sources and objects of campaign contributions and expenditures; and

WHEREAS, Cypress Municipal Code Chapter 2, Article X provides for Campaign Finance Reporting, and new Sections 2-128.1 (Limitation on Campaign Contributions) and 2-128.2 (Disclosure of Top Contributors on Independent Expenditure Advertisements) will be added to address campaign contribution amounts and disclosure requirements as well as renaming the Article X to “Campaign Finance Reporting and Contribution Limits”; and

WHEREAS, the City Council (the “City Council”) of the City of Cypress (the “City”) now desires to adopt local campaign contribution limits and other campaign regulations as Sections 2-128.1 and 2-128.2 in Chapter 2, Article X of the Cypress Municipal Code.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CYPRESS DOES ORDAIN AS FOLLOWS:

SECTION 1. Recitals Incorporated. The City Council hereby specifically finds that all of the facts set forth in the above Recitals are true and correct and incorporated herein as findings of the City Council.

SECTION 2. Amendment. Chapter 2, Article X of the Cypress Municipal Code is hereby revised to rename the title from “CAMPAIGN FINANCE REPORTING” to read “CAMPAIGN FINANCE REPORTING AND CONTRIBUTION LIMITS”.

SECTION 3. Amendment. Chapter 2, Article X of the Cypress Municipal Code is hereby amended to revise Subsection 2-127 entitled “Definitions” and to add two new subsections, Subsection 2-128.1 entitled, “Limitations on Campaign Contributions” and Subsection 2-128.2 entitled “Disclosure of Top Contributors on Independent Expenditure Advertisements:” to read as follows, with all other Subsections of Chapter 2, Article X remaining unmodified and in full force and effect (deleted text shown in ~~strike through~~, added text shown in **bold italics**):

“2-127 **Definitions**

The definitions set forth in the Political Reform Act of 1974 as amended (Government Code Section 82000 et seq.) shall govern the interpretation of this article, unless otherwise specified herein.

Whenever the following words are used in this article, they shall be construed as follows:

“Advertisement” means any general or public communication which is authorized and paid for by a committee for the purpose of supporting or opposing a candidate(s) for municipal elective office or a municipal ballot measure(s). A communication that expressly advocates for or against a clearly identified municipal candidate(s) or measure(s), as defined in Government Code Section 82025, supports or opposes a candidate(s) for municipal elective office or a municipal ballot measure(s). Advertisement excludes communications paid for by a candidate or candidate-controlled committee established for elective office for the controlling candidate and communications from an organization to its members other than a communication from a political party to its members. Advertisement includes print and written advertisements, including mass mailings (as defined in Government Code Section 82041.5 and includes email),

newspaper ads, and flyers. This article does not apply to small promotional items such as pens, pencils, mugs, clothing, skywriting or other items where the required disclosures are impracticable or cannot be reasonably printed or displayed in an easily legible typeface. This article does not apply to video or audio advertisements.

"Candidate" means any individual who is listed on the ballot, or who has begun to circulate nominating petitions or authorized others to circulate petitions on his or her behalf, for nomination for or election to a city office, or who receives a contribution or makes an expenditure or gives his or her consent for any other person to receive a contribution or make an expenditure with a view to bringing about his or her nomination or election to a city office, whether or not the specific intent to seek nomination or election to the city office is known at the time the contribution is received or the expenditure is made, and whether or not he or she has announced his or her candidacy or filed a declaration of candidacy at that time. "Candidate" also includes any person holding a city office.

"City office" means an elected office of the city, including the city council, or any other office which shall become elective in the future.

"City measure" means a measure or proposition, initiated pursuant to Elections Code §§ 9200 et seq., 9235 et seq., or 9255 et seq., which is intended to be or is being voted on in a city election.

"Committee" means any person or combination of persons who, for political purposes relating to a city election, directly or indirectly receive contributions in any forty-eight-month period, or who directly or indirectly makes expenditures in any forty-eight-month period. "Committee" includes controlled committees.

"Contribution" means a (i) payment, a forgiveness of a loan, a payment of a loan or pledge of security for a loan or an enforceable promise to make a payment, by anyone other than a candidate, his or her spouse, or the candidate's parents except to the extent that full and adequate consideration is received, unless it is clear from the surrounding circumstances that it is not made for political purposes; (ii) forgiveness of a debt or other obligation to pay for goods or services rendered, or reduction of the amount of a debt or other obligation to pay for goods or services rendered resulting from a settlement of a claim disputed by the candidate or committee, unless it is clear from the circumstances that the amount of the reduction was reasonably based on a good faith dispute and not for political purposes; and (iii) any expenditure made at the behest of a candidate or controlled committee, unless full and adequate consideration is received by the maker of the expenditure.

(1) The term "contribution" shall also include the purchase of tickets for events such as dinners, luncheons, rallies and similar fund-raising events; a candidate's own money or property used on behalf of his or her candidacy; the granting of discounts or rebates not extended to the public generally; the granting of discounts or rebates by television or radio stations or newspapers which are not extended on an equal basis to all candidates for the same office; and the payment of compensation by any person for the rendition of personal services or expenses of any other person, or the rendition of personal services or the payment of expenses by any person, if such services are rendered or expenses incurred on

behalf of a candidate or committee without payment of full and adequate consideration by the candidate or committee.

(2) The term "contribution" shall also include:

(a) The cost of any meeting or fund-raising event held in public or private facilities in honor or on behalf of a candidate or committee having a value of \$100 or greater, and

(b) ***Anything of value provided to or for the benefit of a candidate or committee, but not including volunteer personal or professional services as long as there is no understanding of reimbursement.*** ~~Volunteer personal services or payments made by a person for his or her own travel expenses even if such payments are made voluntarily without any understanding or agreement that they shall be, directly or indirectly, repaid to him or her having a value of \$100 or greater.~~

(3) A contribution is made on the date the payment, forgiveness of debt or loan, expense or donation is actually received or the date when an irrevocable pledge to make a payment, forgive a debt or loan, or incur an expense or make a donation is actually made, whichever is earlier.

"Controlled committee" means a committee which is controlled directly or indirectly by a candidate, or which acts jointly with a candidate in connection with his or her campaign. A candidate controls a committee if he or she, his or her agent, or any other committee he or she controls has a significant influence on the actions or decisions of the committee.

"Cumulative contribution" means the cumulative amount of contributions received by a committee beginning twelve (12) months before the date of the expenditure and ending seven (7) days before the time the advertisement is sent to the printer.

"Earmarked funds" means any of the following:

(1) The contributor solicited and received the funds from donors for the purpose of making a contribution to the committee paying for the advertisement.

(2) The funds were given to the contributor subject to a condition, agreement or understanding with the donor that all or a portion would be used to make a contribution to the committee paying for the advertisement, including the identification of the committee as a potential recipient.

(3) The contributor had existing funds from a donor and a subsequent agreement or understanding was reached with the donor that all or a portion of the funds would be used to contribute to the committee paying for the advertisement, including the identification of the committee as a potential recipient.

(4) The funds were promised, subject to an enforceable promise, to the contributor subject

to a condition, agreement or understanding with the donor that all or a portion would be used to make a contribution to the committee paying for the advertisement, including the identification of the committee as a potential recipient.

"Election" means any primary, general or special election held in the city, and includes any recall election.

"Expenditure" means a payment, a forgiveness of a loan, pledge of security for a loan, or a payment of a loan by anyone other than a candidate or his or her spouse, or an enforceable promise to make any of the above, unless it is clear from the surrounding circumstances that it is not made for political purposes. An expenditure is made on the date the payment is made or on the date consideration, if any, is received, whichever is earlier.

"Independent expenditure" means any expenditure or donation of anything of value, including the gratuitous rendition of services having a value of \$100 or greater, made by any person in connection with a communication which expressly supports or opposes the nomination, election, defeat, or recall of a candidate(s) for city office, city measure(s), or otherwise unambiguously urges a particular result in a city election. An independent expenditure is made on the date the payment is made, services are rendered, or consideration, if any, is received, whichever is earlier.

"Payment" means a payment, reimbursement, distribution, transfer, loan, advance, deposit, gift or other rendering of money, property services or anything else of value, whether tangible or intangible.

"Person" means an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, association, committee, labor union, and any other organized group of persons acting in concert.

"Political Reform Act" shall mean the Political Reform Act of 1974, as amended, Government Code §§ 81000 et seq., as it may be amended from time to time.
(Ord. No. 978, § 1, 8-24-98)

"Top contributors" means the persons from whom the committee paying for an advertisement has received its five (5) highest cumulative contributions, provided that each person's cumulative contributions total at least two thousand five hundred dollars (\$2,500.00). If fewer than five (5) persons have made cumulative contributions of two thousand five hundred dollars (\$2,500.00) or more, 'top contributors' means all such persons.

(1) If two (2) or more contributors of identical cumulative amounts qualify as top contributors, the most recent contributor shall be listed before any other top contributor of the same amount in any disclosure required by this article.

(2) If a contributor appears to qualify as a top contributor but received earmarked funds to make all or part of the contribution, the person, entity or committee that earmarked the funds and provided the funds to the contributor shall instead be disclosed as the top contributor. The person, entity or committee that transferred earmarked funds shall disclose

the true source of the funds to the committee receiving the earmarked funds at the time the funds are promised or transferred.”

“§ 2-128.1 Limitations on campaign contributions.

(a) No individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, committee (including both controlled and independent committees), labor union, or any other organization or group of persons acting in concert shall make to a candidate for elective city office, and no candidate for elective city office shall accept from any such person or entity, campaign contributions totaling more than five hundred dollars (\$500.00) per election.

(b) A contribution shall not be considered accepted if it is not negotiated, deposited, or utilized and, in addition, is returned to the donor within fourteen (14) days of receipt.

(c) The provisions of this section do not apply to a candidate's contributions of the candidate's personal funds to the candidate's own campaign.

§ 2-128.2 Disclosure of Top Contributors on Independent Expenditure Advertisements

(a) In addition to required disclosures under the Political Reform Act, any advertisement paid for by a committee shall disclose the names of the top contributors to the committee paying for the advertisement. Following the identification of the committee as required under the Political Reform Act, the advertisement shall disclose the names of the top contributors. If fewer than five (5) contributors qualify as top contributors, only those contributors that qualify shall be disclosed. If no contributors qualify as top contributors, no top contributor disclosure is required. The disclosure shall read: "Major funding by (name and occupation or business interest, and city of residence or principal place of business)," identifying the top contributors to the committee paying for the advertisement.

(b) Notwithstanding Government Code Section 84505, if a top contributor is a committee, the top three (3) contributors who have each made cumulative contributions of at least two thousand five hundred dollars (\$2,500.00) to that committee shall also be disclosed.

(c) Documentation. The following items shall be submitted to the city clerk on the same day the required Fair Political Practices Commission (FPPC) forms in support of the expenditures for the advertisement are filed:

- 1. A copy of the advertisement subject to this section.*
- 2. If the FPPC forms supporting the disclosures listed on the advertisement are not FPPC forms filed with the city, identification of the jurisdictions with which the forms are filed and a list of forms filed in support of the disclosures.*

3. *A rebuttable presumption shall apply that the advertisement was sent to the printer on the same date as the expenditure listed on the FPPC form filed for the advertisement. This presumption may be overcome by documentation submitted to the city clerk that the advertisement was sent to the printer on a different date.*

(d) Disclosures on Print Advertisements.

1. For the purposes of this section, print advertisement shall mean print and written advertisements, including but not limited to, mailers, flyers, door hangers, yard signs, and billboards.

2. A print advertisement designed to be individually distributed, including, but not limited to, mailers, flyers, and door hangers, shall include the disclosures required in this article, displayed as follows:

(i) The disclosure area shall have a solid white background and shall be in a printed or drawn box on the bottom of at least one (1) page that is set apart from any other printed matter. All text in the disclosure area shall be in a contrasting color.

(ii) The text shall be in an Arial or Arial-equivalent typeface that is easily legible to an average reader or viewer, with a type size of at least ten (10) points.

(iii) The top contributors, if any, shall each be disclosed on a separate horizontal line, in descending order, beginning with the top contributor who made the largest cumulative contributions on the first line. The name of each top contributor shall be centered horizontally in the disclosure area.

3. Notwithstanding subsection (d)(2)(ii), a print advertisement that is larger than those designed to be individually distributed, including, but not limited to, yard signs or billboards, shall include disclosures in Arial or Arial-equivalent typeface with a type size of at least five percent (5%) of the height of the advertisement. The disclosure shall appear on a solid background with sufficient contrast to be easily readable by the average person. Each top contributor shall be disclosed either on a separate horizontal line as set forth in subsection (d)(2)(iii) or separated by commas.

4. Exception. If a committee paying for an advertisement has at least one (1) top contributor, as defined by this article, that also qualifies as a top contributor as defined by California Government Code Section 84501(c), as amended, replaced or renumbered from time to time, the committee shall disclose the contributors from whom it has received its five (5) highest cumulative contributions of two thousand five hundred dollars (\$2,500.00) or more in the manner required for print and electronic media as set forth in California Government Code Sections 84501, et seq., as amended, replaced or renumbered from time to time. This exception shall not be construed to require disclosure of more than five (5) top contributors.

(e) Enforcement

1. Criminal Enforcement. *Any person who knowingly, willfully or negligently violates any provision of Sections 2-128.1 or 2-128.2 is guilty of a misdemeanor. Any person who causes any other person to violate any provision of said Sections 2-128.1 or 2-128.2, or who aids and abets any other person in the violation of any provision of said Sections 2-128.1 or 2-128.2, shall be liable under this Subsection (e). Any monetary penalty for such a violation shall be the maximum amount permitted by law.*

2. Civil Enforcement. *Any person who intentionally or negligently violates any provision of this article shall be liable in a civil action brought by the city attorney. Where no specific civil penalty is provided, a person may be liable for an amount up to ten thousand dollars (\$10,000) for each violation. Upon collection, any such sum shall be deposited into the city's general fund.*

3. Injunctive Relief. *The city attorney, or a person residing within the city, may bring an action for injunction relief to enjoin violation of, or to compel compliance with, any provision of this division if the city attorney declines to file such an action. A person other than the city attorney may bring a civil action for violations of this division if the city attorney declines to file a civil action. If a judgment is entered against a defendant in such an action, the private plaintiff shall receive fifty percent (50%) of the amount recovered, and the remaining fifty percent (50%) shall be deposited into the city's general fund. If two (2) or more persons are responsible for any violation of this article, they shall be jointly and severally liable. In determining the amount of liability under this subsection, the court may take into account any mitigating and aggravating factors. No civil action alleging a violation of this article shall be commenced more than two (2) years after the date of the election for which the funds at issue were contributed or expended.”*

SECTION 4. Severability. If any section, subsection, sentence, clause, phrase, or portion of this Ordinance, or the application thereof is for any reason held to be invalid or otherwise unenforceable by any court of any competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have enacted each and every section, subsection, sentence, clause, paragraph, or phrase thereof, irrespective of any determination of validity.

SECTION 5. Effective Date. This Ordinance shall take effect thirty (30) days after its adoption.

SECTION 6. Certification. The City Clerk shall certify as to the passage and adoption of this Ordinance and shall cause the same to be published and posted at the designated locations in the City of Cypress.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Cypress at a regular meeting held on the ____ day of February, 2026.

David Burke, Mayor

ATTEST:

Lisa Berglund, City Clerk

STATE OF CALIFORNIA }
COUNTY OF ORANGE } SS

I, LISA BERGLUND, City Clerk of the City of Cypress, DO HEREBY CERTIFY that the foregoing Ordinance was duly adopted at a regular meeting of said City Council held on the _____ day of January, 2026, by the following roll call vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

Lisa Berglund, City Clerk