

**ORDINANCE ESTABLISHING TRANSPARENCY REQUIREMENTS FOR DARK MONEY AND
SOCIAL MEDIA INFLUENCER SPENDING IN CHICAGO ELECTIONS**

WHEREAS, all residents of the City of Chicago should have a meaningful voice in Chicago elections; and

WHEREAS, an informed electorate is the cornerstone of a healthy democracy. Transparency in the funding of political campaigns is essential to ensuring that voters can make informed decisions and hold elected officials accountable; and

WHEREAS, the increasing influence of undisclosed financial contributions, commonly referred to as "dark money," undermines public confidence in the integrity of Chicago elections and conceals the identities of those seeking to influence public policy for their own interests; and

WHEREAS, the public has a compelling interest in knowing the sources of all significant campaign-related expenditures to prevent quid pro quo corruption and its appearance in Chicago elections; and

WHEREAS, disclosure of political spending promotes fairness, accountability, and trust in government, while safeguarding the fundamental principle that government derives its legitimacy from the consent of the governed; and

WHEREAS, Chicago residents have a right to know who is spending big money to influence their elections and their government, but existing state and municipal laws fail to require meaningful transparency on ads paid for by large political spenders, resulting in inadequate access to information about large spenders trying to influence their votes; and

WHEREAS, it is the intent of the City Council to require the greatest possible transparency of campaign spending, including the identification of all contributors to entities that spend or contribute money to influence candidate elections, in order to restore public confidence in Chicago elections, protect the integrity of democratic institutions and ensure that the voices of all Chicago residents, not just the wealthy and powerful, are heard; and

WHEREAS, contribution limits and source restrictions are necessary to curb quid pro quo corruption and the appearance of such corruption in Chicago elections and to ensure that elected officials are accountable to their constituents; and

WHEREAS, political spending conducted in coordination with a candidate is indistinguishable from providing money directly to a candidate; and

WHEREAS, it is the intent of the City Council to establish effective coordination standards to prevent any person, including groups that can raise unlimited funds, from evading contribution limits and source restrictions to pay for campaigns for elected office; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. Section 2-156-010 of the Municipal Code of Chicago is hereby amended by adding the language underscored, and deleting the language struck through, as follows:

2-156-010 Definitions.

The following definitions shall apply for purposes of this chapter:

{a) "Administrative action" engagement with the ability to influence an outcome, other than through the legislative process, by any agency or City official or employee on:

- (1) a rule
- (2) a rate or fee;
- (3) a bond inducement matter;
- (4) a zoning matter;
- (5) a concession or franchise agreement;
- (6) the creation of a tax increment financing district;
- (7) the expression of support for a favorable Cook County property tax classification;
- (8) the acquisition, lease, license, or disposition by the City of any interest in real, personal, or intellectual property;
- (9) the procurement of goods, services, or construction, including the preparation or modification of contract specifications, or the solicitation or award of a contract;
- (10) the solicitation or award of a grant, loan, or agreement involving the disbursement of public monies;
- (11) the expression of support for, or opposition to, the enactment of any local, State or federal legislation, rule, or regulation; or
- (12) the interpretation of any local, State, or federal law, rule, or regulation.

(b) "Agency" means the city council, any committee or other subdivision thereof, any city department or other administrative unit, commission, board, or other division of the government of the city.

(c) "Alderman" means any person holding the elected office of alderman of the city council.

(c-3) "Authorized committee" means the candidate political committee established or designated by a candidate for city office to receive contributions and make expenditures on

behalf of the candidate in connection with the candidate's own election. A candidate for city office may establish or designate no more than one authorized committee.

(c-1) "Board of ethics" or "board" means the board of ethics established in this chapter.

(c-2) "Candidate for city office" or "candidate" means any person who seeks nomination for election, election to or retention in any elected office of the government of the city, whether or not such person is elected. A person seeks nomination for election, election or retention if ~~he or she~~ the person (1) takes the action necessary under the laws of the State of Illinois to attempt to qualify for nomination for election, election to or retention in public office, or (2) receives contributions or makes expenditures, or gives consent for any other person to receive contributions or ~~make expenditures~~ with a view to bringing about his or her nomination for election or election to or retention in such office. For purposes of this definition and under article VI of this chapter, the term "expenditure" has the meaning ascribed to that term in Article 9 of the Illinois Election Code, codified at 10 ILCS 5/9-1 et seq.

(d) "City" means the City of Chicago.

(d-1) "City Council employee" shall mean an individual employed by an alderman or a City Council committee, or bureau or other service agency of the City Council.

(d-2) "City Council contractor" shall mean an individual retained as an independent contractor by any alderman, City Council committee, or bureau or ~~other service agency~~ of the City Council to provide services to any of the foregoing, provided that such services are related to City governmental functions and duties, and excluding services related to the physical maintenance of City or aldermanic offices, such as, without limitation, custodial services, painting, landscaping, or plumbing.

(e) "City contractor" means any person (including their agents or employees acting within the scope of their employment) who is paid by the City or any City agency or pursuant to City ordinance, for services to any City agency, regardless of the nature of the relationship of such individual to the City for purposes other than this chapter. A "city contractor" shall not include officials and employees.

(e-1) "City property" means: (i) the official corporate City seal, as authorized in Section 1-8-010, et seq., as amended; (ii) any building or portion thereof owned or exclusively leased by the City or any City agency; or (iii) any intellectual property or personal property, equipment, machinery, or other tangible items owned or used by the City for City business purposes. "City property" does not, however, include any portion of a building that is rented or leased from the City or any City agency by a private person or entity.

(e-2) "Clerical" means an employee who carries out tasks of a mechanical/secretarial/administrative nature (for example, copying, filing, word-processing) with no discretion on issues of substance.

(e-3) "Compensated time" means any time worked by or credited to an employee that counts toward any minimum work time requirement imposed as a condition of employment with the city, but does not include any designated city holidays or any period when the employee is on an approved vacation or leave of absence.

(f) "Compensation" means money, thing of value or other pecuniary benefit received or to be received in return for, or as reimbursement for, services rendered or to be rendered.

(f-1) "Confidential information" means any information that is exempt from disclosure under the Illinois Freedom of Information Act, codified at 5 ILCS 140/1, et seq.

(g) "Contract management authority" means personal involvement in or direct supervisory responsibility for the formulation or execution of a city contract, including without limitation the preparation of specifications, evaluation of bids or proposals, negotiation of contract terms or supervision of performance.

(g-3) "Coordinate" means in cooperation, consultation, or concert with, or at the request or suggestion of, a candidate, including pursuant to any expressed or implied agreement with, any general or particular understanding with, or any request by or communication with, the candidate.

(g-1) "Covered relative" means the spouse or domestic partner of any official, candidate for city office, or employee, or the immediate family, and relatives residing in the same residence with the official, candidate for city office, or employee.

(h) "Doing business" means any one or any combination of sales, purchases, leases or contracts to, from or with the city or any city agency in an amount in excess of \$10,000.00 in any 12 consecutive months.

(i) ~~{Reserved}~~ "Election cycle" means the period beginning on the day after the date of the most recent prior consolidated general election for a covered office and ending on the date of the consolidated general election for the covered office.

(j) "Employee" means an individual employed by the City of Chicago, whether part-time or full-time, but excludes elected officials and city contractors.

(j-0) "Executive director" means the executive director of the board of ethics established in this chapter.

(j-1) "Exempt position" means a position that is classified as exempt under the City's Hiring Plan, as amended from time to time, but excluding City Council employees.

(k) "Expenditure" means a payment, distribution, loan, advance, deposit, or gift of money or anything of value.

(l) "Financial interest" means an interest held by an official or employee that is valued or capable of valuation in monetary terms with a current value of more than \$1,000.00 in any consecutive twelve-month period, provided that such interest shall not include: (1) the authorized compensation paid to an official or employee for any office or employment; or (2) a time or demand deposit in a financial institution; or (3) an endowment or insurance policy or annuity contract purchased from an insurance company; or (4) any ownership through purchase at fair market value or inheritance of the shares of a mutual fund corporation, regardless of the value of or dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; or (5) any ownership through purchase at fair market value or inheritance of not more than one-half of one percent of the outstanding common stock of the shares of a corporation, or any corporate subsidiary, parent or affiliate thereof, regardless of the dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended.

{m} "Gift" means any thing of value given without fair-market-value consideration.

{m-1} "Grassroots lobbying communication" means correspondence to members of the public that solicits or encourages communication to a City official, employee, or agency for the purpose of influencing an administrative or legislative action.

{m-2} "Grassroots lobbying event" means any organized activity sponsored by a not-for-profit entity that is intended to influence an administrative action or legislative action of a City employee, official, or agency by inviting participants to a location where City employees or officials are accessible.

{m-3} "Hearing officer" means an administrative law officer appointed by the department of administrative hearings, in consultation with the Board, to the dedicated function of conducting hearings on the merits pursuant to this chapter.

{m-4} "Inspector general" means the City's Inspector General.

{n} "Legislation" means any matter pending in, or proposed for introduction into, or otherwise eligible for consideration or enactment by the City Council or a committee or other subdivision thereof, including but not limited to ordinances, resolutions, orders, appointments, and claims.

{o} "Legislative action" means any engagement with the ability to influence an outcome by a member of the City Council or a City Council employee on any legislation.

{o-1} "Lobby" or "lobbying" means the conduct described in subsection {p} of this Section 2-156-010.

{o-2} "Lobbyist reporting period" means any of the following four periods of any calendar year: January 1 to March 31, inclusive; April 1 to June 30, inclusive; July 1 to September 30, inclusive; or October 1 to December 31, inclusive.

(p) "Lobbyist" means any individual who, on behalf of any other person contacts or communicates directly with a City official or employee to influence any administrative action or legislative action.

Provided, however, that an individual shall not be deemed to be a lobbyist solely: (1) by submitting an application for, or corresponding solely as to the status of, a City registration, certificate, permit, or license; (2) by responding to a City request for proposals or qualifications; or (3) by seeking municipal services generally available to residents of the City, including, but not limited to, seeking establishment or modification of water, sewer, or garbage service, seeking review of a water or sewer bill believed to be in error, seeking parkway tree trimming services, seeking to have a pothole filled, seeking graffiti removal services, or seeking a temporary street closure in connection with a neighborhood block party. It shall not constitute lobbying as defined here for an individual who is paid on a contingent or commission basis for the good faith sale of goods or services to contact a City official or employee regarding the purchase by the City of such goods or services, provided that such individual is contacting only those City officials or employees who have responsibility for making purchasing decisions regarding such goods or services in the normal course of business.

The term "lobbyist" shall include, but is not limited to, any attorney, accountant, or consultant engaged in lobbying; provided, however, that an attorney shall not be considered a lobbyist while representing clients in a formal adversarial hearing. An individual who seeks to influence administrative action or legislative action on behalf of a not-for-profit entity shall be deemed a lobbyist only if: (1) such individual: (A) is paid or otherwise compensated for those efforts; or (B) undertakes those efforts as a matter of professional engagement, regardless of pay or other compensation; and (2) such not-for-profit entity has both an operating budget and net assets or fund balances of five million dollars or more.

The term "lobbyist" shall not include: (1) any employee or official of another government unit who engages in lobbying on behalf of that government unit; or (2) an individual who: (A) attends a meeting with an employee or official simply to provide technical information or address technical questions; (B) attends a meeting to provide clerical or administrative assistance (including audio-visual, translation, interpretation or sign language assistance); (C) attends a meeting to observe for educational purposes; or (D) plays no role in the strategy, planning, messaging, or other substantive aspect of the overall lobbying effort.

(p-1) "Net assets or fund balances" means the total amount reported on United States Department of Treasury Internal Revenue Service Form 990 for the line "Net assets or fund balances."

(q) "Official" means any person holding any elected office of the city or any appointed, non-employee member of any city agency.

(q-1) "Operating budget" means the total amount reported on United States Department of Treasury Internal Revenue Service Form 990 for the line "Total expenses."

(r) "Person" means any individual, entity, corporation, partnership, firm, association, union, trust, estate, as well as any parent or subsidiary of any of the foregoing, whether or not operated for profit.

(s) "Political activity" means:

(1) Serving as an officer of a political party, of a political club, or of an organization relating to a campaign for elected office ("organization"); as a member of a national, state or local committee of a political party, club or organization; as an officer or member of a committee of a political party, club or organization; or being a candidate for any of these positions;

(2) Organizing or reorganizing a political party, club or organization;

(3) Directly or indirectly soliciting, receiving, collecting, handling, disbursing, or accounting for assessments, contributions, or other funds for any political party, political fund, candidate for elected office, candidate for political party office, or any committee thereof or committee which contributes to any of the foregoing;

(4) Organizing, selling tickets to, promoting, or actively participating in a fundraising activity of a public officer holder, candidate in an election or political party, political club or an organization;

(5) Taking an active part in managing the political campaign of a candidate for public office in an election or a candidate for political party office;

(6) Becoming a candidate for, or campaigning for, an elective public office in an election;

(7) Soliciting votes in support of or in opposition to a candidate for public office in an election or a candidate for political party office;

(8) Acting as recorder, watcher, challenger or similar officer at the polls on behalf of a political party or a candidate in an election;

(9) Driving voters to the polls on behalf of a political party or candidate in an election;

(10) Endorsing or opposing a candidate for public office in an election or a candidate for political party office in a political advertisement, a broadcast, campaign literature, or similar material, or distributing such material;

(11) Serving as a delegate, alternate, or proxy to a political party convention;

(12) Addressing a convention, caucus, rally, or similar gathering in support of or in opposition to a candidate for public office or political party office;

(13) Initiating or circulating a nominating petition for elective office;

(14) Soliciting, collecting, or receiving a political contribution or a contribution for any political party, political fund, candidate for elected office, candidate for political party office, or any committee thereof or committee which contributes to any of the foregoing; or

(15) Paying or making a political contribution or a contribution for any political party, political fund, candidate for elected office, candidate for political party office, any committee thereof or committee which contributes to any of the foregoing.

(t) "Political contribution" or "contribution" means any gift, subscription, loan, advance, deposit of money, allotment of money, or anything of value given or transferred by one person to another, including in cash, by check, by draft, through a payroll deduction or allotment plan, by pledge or promise, whether or not enforceable, or otherwise, for purposes of influencing in any way the outcome of any election. Political contribution includes a coordinated expenditure as described under Section 2-156-456(a). For the purposes of this definition, a political contribution does not include:

(1) A loan made at a market rate by a lender in his or her ordinary course of business;

(2) The use of real or personal property and the cost of invitations, food, and beverages, voluntarily provided by an individual in rendering voluntary personal services on the individual's residential premises for candidate-related activities; provided the value of the service provided does not exceed an aggregate of \$150.00 in a reporting period as defined in Article 9 of the Illinois Election Code;

(3) The sale of any food or beverage by a vendor for use in a candidate's campaign at a charge less than the normal comparable charge, if such charge for use in a candidate's campaign is at least equal to the cost of such food or beverage to the vendor.

(t-1) "Political committee" means a political committee as defined in Article 9 of the Illinois Election Code, codified at 10 ILCS 5/9-1 et seq.

(u) "Political fundraising committee" means any fund, organization, political action committee or other entity that, for purposes of influencing in any way the outcome of any election, receives or expends money or anything of value or transfers money or anything of value to any other fund, political party, candidate, organization, political action committee, or other entity.

(v) "Professional services" means services in any occupation requiring advanced or specialized education and training, including without limitation law, accounting, insurance, real estate, engineering, medicine, architecture, dentistry, banking, finance, public relations, education or consulting.

(v-1) "Prohibited political activity" means:

(1) Preparing for, organizing, or participating in any political meeting, political rally, political demonstration, or other political event.

(2) Soliciting contributions, including but not limited to purchasing, selling, distributing, or receiving payment for tickets for any political fund-raiser, political meeting, or other political event.

(3) Soliciting, planning the solicitation of, or preparing any document or report regarding anything of value intended as a campaign contribution.

(4) Planning, conducting, or participating in a public opinion poll in connection with a campaign for elective office or on behalf of a political organization for political purposes or for or against any referendum question.

(5) Surveying or gathering information from potential or actual voters in an election to determine probable vote outcome in connection with a campaign for elective office or on behalf of a political organization for political purposes or for or against any referendum question.

(6) Assisting at the polls on election day on behalf of any political organization or candidate for elective office or for or against any referendum Question.

(7) Soliciting votes on behalf of a candidate for elective office or a political organization or for or against any referendum question or helping in an effort to get voters to the polls.

(8) Initiating for circulation, preparing, circulating, reviewing, or filing any petition on behalf of a candidate for elective office or for or against any referendum question.

(9) Making contributions on behalf of any candidate for elective office in that capacity or in connection with a campaign for elective office.

(10) Preparing or reviewing responses to candidate questionnaires in connection with a campaign for elective office or on behalf of a political organization for political purposes.

(11) Distributing, preparing for distribution, or mailing campaign literature, campaign signs, or other campaign material on behalf of any candidate for elective office or for or against any referendum question.

(12) Campaigning for any elective office or for or against any referendum question.

(13) Managing or working on a campaign for elective office or for or against any referendum question.

(14) Serving as a delegate, alternate, or proxy to a political party convention.

(15) Participating in any recount or challenge to the outcome of any election.

(v-3) "Public communication" means a communication to the general public by means of broadcast, cable, satellite, internet or other digital method, newspaper, magazine, outdoor advertising facility, mass mailing, or telephone bank, or any other form of general public political advertising or marketing regardless of medium.

(w) "Relative" means a person who is related to an official, candidate for city office, or employee as spouse or as any of the following, whether by blood or by adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister, half-brother or half-sister.

{x} "Seeking to do business" means {1} taking any action within the past six months to obtain a contract or business from the city when, if such action were successful, it would result in the person's doing business with the city; and {2} the contract or business sought has not been awarded to any person.

{x-1} "Self-defense communication" means contact or communication by, or on behalf of, a not-for-profit entity with a City official or employee regarding administrative action or legislative action that potentially harms, diminishes, or eliminates: {1} the existence of the entity; {2} the powers and duties of the entity; or {3} the tax-exempt status of the entity or tax deductibility of contributions made to the entity.

(y) "Domestic partner" means a "qualified domestic partner" as defined in Section 2-152-072 of this Code.

(z) "Sexual harassment" means any (i) unwelcome sexual advances or unwelcome conduct of a sexual nature; or (ii) requests for sexual favors or conduct of a sexual nature when {1} submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment or of any governmental decision, or {2} submission to or rejection of such conduct by an individual is used as the basis for any employment or other governmental decision affecting the individual or the individual's client or employer, or {3} such conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment; or (iii) sexual misconduct, which means any behavior of a sexual nature which also involves coercion, abuse of authority, or misuse of an individual's employment position.

(z-1) "Temporary youth employment program" means any summer or other temporary youth employment program through which persons aged 24 or younger are employed by, or engaged in employment coordinated by, a not-for-profit entity or governmental entity.

{z-2} "Transitional employment program" means any temporary employment program through which persons with unsuccessful employment histories or members of statistically hard-to-employ populations, such as formerly homeless persons, the long-term unemployed, and formerly incarcerated persons, are provided temporary paid employment and case-managed services under a program administered by a not-for-profit entity or governmental entity, with the goal of transitioning program participants into non-temporary employment.

SECTION 2. Chapter 2-156 of the Municipal Code of Chicago is hereby amended by adding the language underscored, and deleting the language struck through, as follows:

2-156-445 Limitation of contributing to candidates and elected officials.

(a) No person who has done business with the City, or with the Chicago Transit Authority, Chicago Board of Education, Chicago Park District, Chicago City Colleges, Chicago Housing Authority, Chicago Public Building Commission, or Metropolitan Pier and Exposition Authority within the preceding four reporting years, or who is seeking to do business with the City or with any of the other aforementioned entities, no lobbyist registered with the Board of Ethics shall make contributions in an aggregate amount exceeding \$1500.00: (i) to any candidate for City office during a reporting year; or (ii) to an elected official of the government of the City during any reporting year of the official's term; or (iii) during a reporting year, to any official or employee of the City who is seeking election to any other office. For purposes of this section all contributions to a candidate's authorized political committees shall be considered contributions to the candidate. A reporting year shall be from January 1st to December 31st. For purposes of this subsection only "seeking to do business" means: (i) the definition set forth in Section 2-156-010(x); or (ii) any matter that was pending before the City Council or any City Council Committee in the six months prior to the date of the contribution or any matter that will be pending before the City Council or any City Council Committee in the six months after the date of the contribution, if that matter involved the award of loan funds, grant funds or bond proceeds, bond inducement ordinances, leases, land sales, zoning matters, the creation of tax increment financing districts, concession agreements or the establishment of a Class 6(b) Cook County property tax classification.

(b) For purposes of subsection (a) above, an contribution limits established under this Article and under Article 9 of the Illinois Election Code, codified at 10 ILCS 5/9-1 et seq, an entity and its subsidiaries, parent company or otherwise affiliated companies, and any of their employees, officers, directors and partners who make a political contribution for which they are reimbursed by the entity or its affiliates shall be considered a single person. However, nothing in this provision shall be construed to prohibit such an employee, officer, director or partner from making a political contribution for which he the employee, officer, director, or partner is not reimbursed by a person with whom he or she the employee, officer, director, or partner is affiliated, even if solely because that person has made the maximum contribution allowed under subsection (a) this Article.

(c) For purposes of subsection (a) above this Article, a contribution to (i) any political fundraising committee of a candidate for city office or elected official; or (ii) any political fundraising committee which, during the reporting year in which the contribution is to be made, has itself made contributions or given financial support in excess of 50 percent of that committee's total receipts for the reporting year to a particular candidate for city office, elected official, or the authorized fundraising committee of that candidate or elected official, shall be considered a contribution to that candidate or elected official.

(c-3) For purposes of this Article, any contribution to an authorized committee of a candidate for City office is a contribution to the candidate.

(d) Any person who solicits, accepts, offers or makes a financial contribution that violates the limits set forth in this section shall be subject to the penalty provided in Article VII of this Chapter; provided, however, such person shall not be deemed in violation of this section if such person returns or requests in writing the return of such financial contribution within 10 calendar days of the recipient's or contributor's knowledge of the violation.

(e) A candidate may not accept contributions with an aggregate value over the limitations established under Article 9 of the Illinois Election Code, codified at 10 ILCS 5/9-1 et seq.

(f) For the purposes of this Article, "candidate for city office" and "candidate" include a candidate's agents or officers.

SECTION 3. Chapter 2-156 of the Municipal Code of Chicago is hereby amended by inserting a new section 2-156-447 as follows:

2-156-447 Required disclosures for public communications in City elections.

(a) A political advertisement made by a committee registered as required under 10 ILCS 5/9-3, including a political advertisement for which the committee pays an individual or entity to create, publish, or distribute the political advertisement, shall state the following information in a clear and conspicuous manner:

{1} "Paid for by" immediately followed by the name of the person paying for the political advertisement. This requirement is satisfied if the political advertisement includes the statement required for political communications under 10 ILCS 5/9-9.5.

(2) The names of the top three contributors required to be reported under 10 ILCS 5/9-10 or 10 ILCS 5/9-11 who contributed in excess of \$5,000 during the election cycle to the person paying for the political advertisement.

(b) Notwithstanding paragraph (2) of subsection (a) of this section, a political advertisement made by a covered entity required to report under section 2-156-457(b) or by a candidate political committee or political party required to report under section 2-156-457(f) shall include the names of the top three contributors of original funds who contributed in excess of \$5,000 during the election cycle to the person paying for the political advertisement.

(c) Any political advertisement that has a visual component shall clearly and conspicuously display the names of the top three contributors in a written statement as follows: "_____ (three persons) are the top (three) contributors who helped pay for this message."

(d) Any political advertisement that has an audio component shall clearly and conspicuously state the names of the top three contributors in an audio statement as follows: "_____ (three persons) are the top (three) contributors who helped pay for this message."

(e) For purposes of this section, a political advertisement does not make a statement in a clear and conspicuous manner if the statement is difficult to read or hear or if the placement is easily overlooked.

(f) In the case of any internet or digital political advertisement which is disseminated through a medium in which the provision of all of the information specified in this section is not technologically possible, the advertisement shall, in a clear and conspicuous manner:

(1) State the name of the person who paid for the advertisement.

(2) Provide a means for the recipient of the advertisement to immediately obtain the remainder of the information required under this section with minimal effort and without receiving or viewing any additional material other than the required information.

(g) A statement in an internet or digital political advertisement shall be considered to be made in a clear and conspicuous manner if the statement meets the following requirements:

(1) In the case of a text or graphic advertisement, the statement:

(A) Appears in letters at least as large as the majority of the text in the advertisement.

(B) Is contained in a printed box set apart from the other contents of the advertisement.

(C) Is printed with a reasonable degree of color contrast between the background and the printed statement.

(2) In the case of an audio advertisement, the statement is spoken in a clearly audible and intelligible manner at the beginning or end of the communication and lasts at least 4 seconds.

(3) In the case of a video advertisement which also includes audio, the statement:

(A) Is included at either the beginning or the end of the advertisement.

(B) Is made both in a written format that meets the requirements of paragraph (1) of this subsection and appears for at least 4 seconds, and in an audible format that meets the requirements of paragraph (2) of this subsection.

(4) In the case of any other type of advertisement, the statement is at least as clear and conspicuous as the statement specified in paragraphs (1), (2), and (3) of this subsection.

(5) In the case of a video advertisement that is an internet or digital advertisement shorter than 10 seconds, the audible portion of the statement may be omitted.

(h) For the purposes of this section, "political advertisement" means a paid public communication that does any of the following:

(1) Expressly advocates for or against the nomination or election of a clearly identified candidate or the initiation or passage of a referendum question.

(2) Promotes, attacks, supports, or opposes the nomination or election of a clearly identified candidate or the initiation or passage of a referendum question, regardless of whether the public communication contains express advocacy.

(3) Refers to a clearly identified candidate during the period beginning 120 days before a primary election through the general election and is disseminated within the City.

(i) The requirement to include top donors under subsection (a)(2) does not apply to political advertisements made by a candidate.

(j) The Board shall promulgate rules to implement this section. The Board's rules shall include requirements for the sponsor of a political advertisement to include a statement with the information required under subsection (a) when the political advertisement made in coordination with a candidate, including as a coordinated expenditure under Section 2-156-456.

SECTION 4. Chapter 2-156 of the Municipal Code of Chicago is hereby amended by inserting a new section 2-156-456 as follows:

2-156-456 Coordinated expenditures.

(a) "Coordinated expenditure" means an expenditure made in cooperation, consultation, or concert with, or at the request or suggestion of a candidate. "Coordinated expenditure" includes:

(1) The republication of a candidate's campaign materials, unless such republication is used to oppose the candidate that created the materials;

(2) an expenditure, as described in subsection (e) and regardless of whether it meets a "conduct" standard as described in subsection (d), that is materially consistent with instructions, directions, or suggestions from a candidate regarding the making of expenditures, regardless of whether the instructions, directions, or suggestions are

publicly available. The factors the board shall consider in determining whether an expenditure is consistent with instructions, directions, or suggestions from a candidate under this paragraph include, but are not limited to:

(A) Noticeable placement of instructions, directions or suggestions, such as on a discrete webpage or portion of a webpage containing one or more other factors identified in this paragraph;

(B) Whether the instructions, directions, or suggestions include language indicating that information should be communicated to others, such as "voters need to know";

(C) Whether the instructions, directions, or suggestions include targeted audience information, such as specific demographics or the location of intended or suggested recipients; and

(D) Whether the instructions, directions, or suggestions include suggested methods of communication, such as indicating that recipients need to "see," "hear," or "see on the go" information; or

(3) An expenditure that meets at least one "conduct" standard as described in subsection (d) and one "content" standard as described in subsection (e).

(b) "Coordinated expenditure" does not include:

(1) A communication that appears in a news story, commentary, or editorial; or

(2) An expenditure to administer or host a non-partisan candidate debate or forum or for a communication that solely promotes the debate or forum and is made by or on behalf of the person sponsoring the debate or forum.

(c) For purposes of defining coordinated expenditures:

(1) "Candidate" includes any person who is a candidate at the time of the expenditure, regardless of whether that person was a candidate at the time the conduct constituting coordination took place;

(2) An expenditure "not made totally independently" includes any expenditure made pursuant to any expressed or implied agreement with, any general or particular understanding with, or any request by or communication with, the candidate about the expenditure; and

(3) References to candidates include agents, executives, or managers who worked for such persons during the two years preceding the expenditure.

(d) Conduct constitutes coordination between a spender and the candidate that benefits from the expenditure whenever:

(1) An expenditure is not made totally independently of a candidate;

(2) During the two years preceding the expenditure, the candidate (including immediate family members) directly or indirectly established, maintained, controlled, or principally funded the spender;

(3) During the two years preceding the expenditure, a candidate solicited funds for the spender, provided fundraising information to the spender, appeared as a speaker at a fundraiser for the spender, or gave permission to be featured in the spender's fundraising efforts;

(4) The expenditure is based on information about the candidate's campaign needs that the candidate provided to the spender; or

(5) During the two years preceding the expenditure, the spender employed the services of a person who, during the same period, had executive or managerial authority for the candidate, was authorized to raise or expend funds for the candidate, or provided the candidate with professional services (other than accounting or legal services) related to campaign or fundraising strategy.

(e) An expenditure, when coordinated, constitutes funds spent for the purpose of influencing an election whenever regarding a candidate or a candidate's authorized committee, the expenditure is for:

(1) A public communication that expressly advocates for or against the nomination or election of a candidate; that supports a candidate's election or opposes a candidate's opponent; or refers to a clearly-identified candidate at any time from 120 days before a primary election, nominating caucus or convention, or retention election through the general election;

(2) An expenditure for partisan voter activity (such as voter registration, get-out-the-vote activity, phone banking, or generic campaign activity) in the jurisdiction where the candidate is seeking election; or

(3) An expenditure for research, design or production costs, polling expenses, data analytics, creating or purchasing mailing or social media lists, or other activities related to those defined in paragraphs (A) or (B).

(f) Notwithstanding subsection (d)(5), expenditures involving former employees or common agents of a candidate or party will not be deemed coordinated if the spender creates and implements, or causes another person to implement, an effective firewall. A person who relies upon a firewall bears the burden of proof of showing that the firewall was effective. A firewall must:

- (1) Separate staff who provide a service to the spender in relation to its covered expenditures from other staff who provide services to a candidate supported by the spender's expenditures;
- (2) Forbid an organization's owners, executives, managers, and supervisors from simultaneously overseeing the work of staff separated by a firewall;
- (3) Prohibit the flow of strategic non-public information between the spender and the candidate supported by the covered expenditure, and between specific staff who are separated by the firewall;
- (4) Provide for physical and technological separation to ensure that strategic non-public information does not flow between the spender and the candidate, and between the specific staff separated by the firewall; and
- (5) Be in writing and distributed to all relevant employees and consultants before any relevant work is performed regarding both the general firewall policy and any specific firewall created pursuant to such a policy, and provided to the board upon request.

SECTION 5. Chapter 2-156 of the Municipal Code of Chicago is hereby amended by inserting a new section 2-156-457 as follows:

2-156-457 Transfer records for independent campaign spending.

(a) For the purposes of this Chapter:

(1) "Covered entity" means any person, including a natural person or political committee, who spends \$10,000 or more in an election cycle on independent campaign spending, or who accepts \$10,000 or more in an election cycle of in-kind contributions to enable independent campaign spending, but does not include:

(A) Individuals who spend only their own personal funds for independent campaign spending;

(B) Persons that spend only their own business income for independent campaign spending; and

(C) Any political committee, other than a candidate political committee or a political party committee, that receives no more than \$12,000 in contributions from any one person in a calendar year; and

(D) Any candidate political committee or political party committee.

(2) "Business income" means:

(A) Funds received by a person in commercial transactions in the ordinary course of a person's regular trade, business, or investments; or

(B) Membership or union dues to the extent that they do not exceed \$5,000 from a person in a calendar year.

(3) "Personal funds" means:

(A) Any asset of an individual that the individual has legal control over and rightful title to;

(B) Income received by an individual, including:

(i) Salary and other earned income from bona fide employment;

(ii) Dividends and proceeds from the individual's personal investments;

(iii) Bequests to the individual, including income from trusts established by bequests; and

(C) A portion of assets that are jointly owned by the individual and the individual's spouse equal to the individual's share of the asset under the instrument of conveyance or ownership, but if no specific share is indicated by an instrument of conveyance or ownership, the value of one-half of the property.

(4) "Personal funds" does not mean any asset or income received from any person for the purpose of influencing any election.

(5) "Original funds" means business income or the personal funds of an individual.

(6) "Traceable funds" means funds that have been given to a covered entity and for which, pursuant to subsection (c), no donor who provided funds directly to the covered entity has opted out of their use or transfer for independent campaign spending, or funds used to finance in-kind contributions to a covered entity to enable independent campaign spending.

(7) "Transfer records" means a written record of the identity of the persons who directly or indirectly contributed or transferred original funds used for independent campaign spending, the amounts of those contributions or transfers, and how such funds are disbursed.

(8) "Identity" means:

(A) In the case of a natural person, the name, mailing address, occupation, and employer of such individual; and

(B) In the case of any other entity, the full name and address, federal tax status, and state of incorporation or partnership, if any, of such entity.

(9) "Independent campaign spending" means the disbursement of funds to finance the following activity when undertaken independently:

(A) a public communication that:

- (i) expressly advocates for or against the nomination or election of a candidate;
- (ii) promotes, supports, attacks, or opposes the nomination or election of a candidate, regardless of whether the communication expressly advocates the election or defeat of a candidate;
- (iii) refers to a clearly identified candidate at any time from 120 days before a primary election or nominating caucus or convention through the general election, and is disseminated in the jurisdiction in which the candidate's election is taking place; or
- (iv) promotes, supports, attacks, or opposes the placement of, or approval of, a ballot question, proposition, referendum, initiative, or measure for the City of Chicago, regardless of whether the communication expressly advocates for or against any such placement or approval.

(B) partisan voter activity, including partisan voter registration, partisan get-out-the-vote activity, or partisan generic campaign activity; or

(C) research, design, production, polling, data analytics, mailing or social media list acquisition, or other activities conducted in preparation for or conjunction with those in paragraphs (A) or (B).

(b) A covered entity that spends \$10,000 or more on independent campaign spending in an election cycle, or who accepts \$10,000 or more in an election cycle of in-kind contributions to enable independent campaign spending, must maintain transfer records. For the purposes of this Article, the amount of a covered entity's expenditures includes independent campaign spending made by entities established, financed, maintained, or controlled by that committee or its officers.

(c) Before a covered entity may use or transfer a donor's funds for independent campaign spending, the donor who provided funds directly to the covered person must be notified in writing that the funds may be so used and must be given an opportunity to opt out of having the donation used or transferred for such spending. The notice under this subsection:

- (1) Must inform donors that their contributions may be used for independent campaign spending in Chicago and that information about donors may have to be reported to the Board for disclosure to the public;

(2) Must inform donors that they can opt out of having their contributions used or transferred for independent campaign spending in Chicago by so notifying the covered entity in writing within twenty-one days; and

(3) May be provided to the donor before or after the covered entity receives the contribution, but the contribution may not be used or transferred for independent campaign spending until twenty-one days after the notice is provided or until the donor provides written consent, whichever is earlier.

(d) Major contributors. Any person who contributes \$10,000 or more in aggregate in traceable funds in an election cycle to a covered entity must inform that entity, within ten days of receiving a written request from the covered entity, of the identities of persons who directly or indirectly contributed \$1,000 or more in original funds being transferred, the amounts of such persons' original funds being transferred, and any persons who have previously transferred the original funds. If more than one transfer has previously occurred, the contributor must disclose all such previous transfers and intermediaries. The contributor must maintain these records for at least five years and provide them, upon request, to the Board.

(e) Any person who makes an in-kind contribution to a covered entity of \$10,000 or more in an election cycle to enable independent campaign spending must inform that person, at the time the in-kind contribution is made or promised to be made, of the identities of persons who directly or indirectly contributed or provided \$1,000 or more in original funds used to finance the in-kind contribution, the amounts of such persons' original funds so used, and any persons who had previously transferred such original funds. If more than one transfer had previously occurred, the in-kind contributor must disclose all such previous transfers and intermediaries. The in-kind contributor must maintain these records for at least five years and provide them, upon request, to the Board.

(f) A candidate political committee or a political party committee that accepts more than an aggregate of \$12,000 in contributions from any one person in a calendar year must:

(1) (a) for a political party committee, inform contributors that their contributions may be used for election spending in Chicago and that information about them will be reported to the Board for disclosure to the public; and

(b) for a candidate political committee, inform contributors that information about them will be reported to the Board for disclosure to the public;

(2) inform contributors that they must provide to the committee, within 10 days making contributions that exceed an aggregate of \$12,000 in a calendar year, the identities of persons who directly or indirectly contributed or provided \$1,000 or more in original funds being transferred to the committee, the amounts of such persons' original funds so transferred, and any persons who had previously

transferred such original funds. If more than one transfer had previously occurred, the contributor must disclose all such previous transfers and intermediaries; and

(3) include the information provided by such contributors in the committee's reports disclosing contributions, including regular quarterly reports and reports on contributions of \$1,000 or more as required by Sec. 9-10(c) of the Illinois Election Code, in the manner described under Section 2-156-458.

(g) A contributor who receives the notice provided in subsection (f) must provide to the notifying committee the information specified in subsection (f)(2) within 10 days of making contributions that exceed an aggregate of \$12,000 in a calendar year. The contributor must maintain records of this information for at least five years and provide them, upon request, to the Board.

SECTION 6. Chapter 2-156 of the Municipal Code of Chicago is hereby amended by inserting a new section 2-156-458 as follows:

2-156-458 Reporting requirements for independent campaign spending.

(a) A covered entity that is also a political committee registered with the State Board of Elections shall submit the following information to the board:

(1) A copy of the political committee's statement of organization submitted to the State Board of Elections and the following information:

(A) The identity of any affiliated person who maintains its own transfer records and that person's relationship to the covered entity;

(B) The name, address, and position of the individual who is the custodian of the transfer records;

(2) A copy of each report disclosing contributions submitted to the State Board of Elections, including regular quarterly reports and reports of contributions of \$1,000 or more as required under Section 9-10(c) of the Illinois Election Code.

(3) A report that includes the following information, submitted at the same time as the political committee submits its reports under paragraph (2) of this subsection to the Board:

(A) Each contributor of original funds who has contributed, directly or indirectly, more than \$5,000 of traceable funds or in-kind contributions during the election cycle to the covered entity, and the date and amount of each of such contributor's contributions;

(B) The identity of persons who acted as intermediaries who transferred, in whole or part, traceable funds from original sources to the covered entity, and

the date, amount, and source (original and intermediate) of such transferred funds;

(C) The identity of each person who received from the covered entity disbursements aggregating to \$1,000 or more of traceable funds during the election cycle and the date and purpose of each disbursement, including the full name and office sought of any candidate that was supported, opposed, or referenced in a public communication that was financed, in whole or part, with the disbursement; and

(D) The identity of any person whose aggregate contributions of traceable funds to the covered entity constituted more than half of such funds of the covered entity at the start of the election cycle.

(b) A covered entity that is not a political committee registered with the State Board of Elections shall file the following reports to the board:

(1) Within ten days of first disbursing \$10,000 or more in aggregate during an election cycle on independent campaign spending, or accepting \$10,000 or more in aggregate during an election cycle of in-kind contributions to enable independent campaign spending, the covered entity shall file an initial report that discloses:

(A) The identity of the person who owns or controls the traceable funds;

(B) The identity of any affiliated person who maintains its own transfer records and that person's relationship to the covered entity;

(C) The name, address, and position of the individual who is the custodian of the transfer records;

(D) The name, address, and position of at least one individual who can control, directly or indirectly, how the traceable funds are disbursed;

(E) The total amount of traceable funds owned or controlled by the covered entity on the date of the report;

(F) Each contributor of original funds who has contributed, directly or indirectly, more than \$5,000 of traceable funds or in-kind contributions during the election cycle to the covered entity, and the date and amount of each of such contributor's contributions;

(G) The identity of persons who acted as intermediaries who transferred, in whole or part, traceable funds from original sources to the covered entity, and the date, amount, and source (original and intermediate) of such transferred funds;

(H) The identity of each person who received from the covered entity disbursements aggregating to \$1,000 or more of traceable funds during the election cycle and the date and purpose of each disbursement, including the full name and office sought of any candidate that was supported, opposed, or referenced in a public communication that was financed, in whole or part, with the disbursement; and

(I) The identity of any person whose aggregate contributions of traceable funds to the covered entity constituted more than half of such funds of the covered entity at the start of the election cycle;

(2) After its initial report and each time the covered entity disburses another \$10,000 or more in aggregate during the election cycle on independent campaign spending, or receives another \$10,000 in aggregate during the election cycle of in-kind contributions to enable independent campaign spending, the covered entity shall file an additional report within ten days that shall disclose any information that has changed since it was previously reported pursuant to paragraph (1) of this subsection.

(3) When information has changed since it was previously reported pursuant to subparagraphs (A)-(D) of paragraph (1) of this subsection but has not yet been reported, such changed information shall be reported within twenty days, except the reporting person need not report such changes that occur more than two years after the most recent report pursuant to this section was filed.

SECTION 7. Chapter 2-156-465 of the Municipal Code of Chicago is hereby amended by adding the language underscored, and deleting the language struck through, as follows:

2-156-465 Sanctions.

(a) *Employment sanction.* In addition to any other applicable penalty provided in this article, any employee found to have violated any of the provisions of this chapter, or to have knowingly furnished false or misleading information to the board of ethics, shall be subject to employment sanctions, including discharge, in accordance with procedures under which the employee may otherwise be disciplined. Any official who knowingly files a false or misleading statement of financial interests, or knowingly fails to file a statement within the time prescribed in this chapter, or otherwise violates any provision of this chapter, shall be subject to removal from office.

(b) *Fines.* The following fines shall, as appropriate, apply to violations of this chapter:

(1) *Failure to complete ethics training.* Any employee or official who violates Section 2-156-145 and any lobbyist who violates Section 2-156-146 shall be fined \$250.00 for each such violation. Each day that a violation continues shall constitute a

separate and distinct offense to which a separate fine shall apply. The Board shall also make public, in a manner that the Board may deem appropriate, the names of lobbyists, employees and officials who failed to complete a mandatory ethics training on time.

(2) *Failure to file a statement of financial interests.* Any reporting person who violates Section 2-156-190 shall be fined \$250.00 for each such violation. Each day that a violation continues shall constitute a separate and distinct offense to which a separate fine shall apply. The Board shall also make public, in a manner that the Board may deem appropriate, the names of reporting persons who failed to file statements of financial interests on time.

(3) *Failure to register by lobbyists.*

(A) Any lobbyist who violates Section 2-156-245 because of failure to register on behalf of one or more clients pursuant to Section 2-156-230 shall be fined \$1,000.00 for each such violation. Each day that a violation continues shall constitute a separate and distinct offense to which a separate fine shall apply. Any lobbyist who violates any provision of Article IV of this chapter shall be subject to the suspension of their lobbyist registration.

(B) Any lobbyist who is registered with the Board and who violates Section 2-156-245 because of failure to re-register with the Board or properly amend or terminate their registration as required in Section 2-156-240 or Section 2-156-280, respectively, shall be subject to a \$250.00 fine for each such violation. Each day that a violation continues shall constitute a separate and distinct offense to which a separate fine shall apply. Provided, however, the maximum total fine for all violations of Section 2-156-245 that stem from a single incident of Page 8 of 8 failure by a lobbyist to file a reregistration, amendment, or termination described in this subsection (3)(B) shall not exceed \$20,000.00.

(C) The Board shall also make public, in a manner the Board deems appropriate, the names of lobbyists who violate Section 2-156-245 or 2-156-270 and fine assessed.

(4) *Failure to file reports by lobbyists.* Any lobbyist who violates Section 2-156-270 shall be subject to a \$250.00 fine for each such violation. Each day that a violation continues shall constitute a separate and distinct offense to which a separate fine shall apply. Provided, however, the maximum total fine for all violations of Section 2-156-270 that stem from a single incident of failure to file a report by a lobbyist shall not exceed \$20,000.00. The Board shall also make public, in a manner the Board deems appropriate, the names of lobbyists who violate Section 2-156-270 and fine assessed.

(5) *Improper contributions.* Any person who knowingly makes, solicits or accepts a political contribution in violation of Section 2-156-140 or Section 2-156-445 shall be subject to a fine of not less than \$1,000.00 and up to the higher of \$5,000.00 or three times the amount of the improper contribution that was accepted for each violation of these sections.

(6) *Violation of chapter provisions.* Any person who violates any other provision of this chapter, where no other fine is specifically provided, shall be subject to a public censure by the Board and a fine of not less than \$500.00 and not more than \$20,000.00 for each offense; provided that the Board may also impose a fine equal to the financial benefit an official or employee realized from a violation, if higher.

(7) *Candidates: filing of statements of financial interests.* Any person who qualifies as a candidate for City office who knowingly files a false or misleading statement of financial interests shall be subject to fines as provided in subsection (b)(5) of this section.

(8) *Transparency requirements.* Any person who violates the requirements for disclosures in public communications under Section 2-156-447 or the disclosure requirements under Sections 2-156-457 and 2-156-458 shall be subject to a fine of not less than \$500 and not more than the greater of \$10,000 or twice the amount of the violation.

(c) The board may recommend an employment sanction or impose a fine for any violation of this chapter in accordance with Section 2-156-385 or Section 2-156-392, respectively.

SECTION 8. Chapter 2-156-530 of the Municipal Code of Chicago is hereby amended by adding the language underscored, and deleting the language struck through, as follows:

2-156-530 Annual public hearing on ethics.

The board and the inspector general shall ~~coordinate~~ collaborate on and conduct a joint annual public hearing before the city council to review major activities, including trainings, investigations, settlements, and opinions; to describe resource usage; to address trends in ethics issues; to suggest ethics compliance strategies; and to assess challenges and recommend areas of improvement regarding the city's ethics institutions, and investigation and adjudication processes.

SECTION 9. If any provision of this ordinance or application to any person or circumstance is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications of this ordinance that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this ordinance is severable.

SECTION 10. This ordinance takes effect upon passage and publication.

A handwritten signature in black ink, appearing to read "Matt J. Martin", with a horizontal line extending from the end of the signature.

Matthew J. Martin
Alderman, 47th Ward