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Santa Clara Leads the Way to Crack Down on Hidden Political Donations or “Dark Money” From Elections

New Campaign Finance Regulation to Ensure Transparency in Local Politics, Elections

SANTA CLARA, Calif. (May 4, 2018) – The City of Santa Clara is the first mid-sized city in California taking action to ensure maximum fairness and transparency in local city elections by requiring full disclosure of political campaign contributions used to pay for advertisements and other efforts to influence elections. This new local law will provide more robust disclosure requirements so that Santa Clara voters have a clear understanding about who is spending money – and how much money they are spending – on efforts to support or oppose local election campaigns, including candidates running for office and on ballot measures, before casting their vote on Election Day.

At their April 24 meeting, the City Council unanimously approved the conceptual terms of the new campaign finance regulation, which requires all contributors of \$100 or more to any organization that spends money to affect a local Santa Clara election, either for or against, a city office or ballot measure, must report their identities to the City. The new law is an enhancement to state law and the provisions of the California Government Code and the regulations of the California Fair Political Practices Act. The Council is poised to take final action to enact the Santa Clara-specific regulation at its May 15 meeting.

“Santa Clara is leading the way in demanding transparency and cleaning-up political donations and expenditures in our city,” said Santa Clara Mayor Lisa M. Gillmor. “Our city experienced ‘dark money’ in the past election and it created an undesired layer of distrust and concern from our voters that we absolutely had to address. This new regulation will allow voters to know who is funding efforts for and against candidates and ballot measures in Santa Clara and provides the mechanism for the City to crack down on those who violate it.”

The City Council’s Ethics Committee led this effort after much controversy was generated in the 2016 elections when ‘dark money’ was funneled from unidentified donors into the City Council race targeting specific special interest issues. State rules do not require non-profit multipurpose organizations to disclose campaign contributions and the identity of their donors, if such organizations raise less than \$50,000 during a 12-month period.

Violation of the City of Santa Clara’s new campaign finance disclosure rules can result in prosecution, civil action by a Santa Clara resident for an injunction and damages, and disqualification of an elected official who benefited from the contribution from voting on a matter in which the contributor has a financial interest, among other potential penalties. For parties that have a contract with Santa Clara, or a city agency, violations of the new rule will be considered a material breach of contract and grounds for termination of the contract.

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About the City of Santa Clara:

Located at the heart of Silicon Valley about 45 miles south of San Francisco, the City of Santa Clara truly is “The Center of What’s Possible.” Incorporated in 1852, Santa Clara covers an area of 19.3 square miles with a population of 120,000. Santa Clara is home to an extraordinary array of high-tech companies, including Applied Materials, Hewlett-Packard, Intel, Nvidia, Oracle, and Ericsson. The City of Santa Clara is also home to Santa Clara University, California’s Great America Theme Park, and Levi’s® Stadium, home of the San Francisco 49ers and Super Bowl 50. For more information, visit www.SantaClaraCA.gov.