



May 10, 2023

Ethics Commission
City of Long Beach

RE: Comments Re: Lobbying Ad Hoc Progress Report to Ethics Commission and Proposed Recommendation to Amend the Long Beach Lobbying Ordinance

Dear Commissioners,

Please accept these comments regarding the “Lobbying Ad Hoc Progress Report to the Ethics Commission” and the proposed recommendations to Long Beach’s Lobbying Ordinance, LBMC CH. 2.08. This letter is submitted by the undersigned 501(c)(3) nonprofit organizations who are extremely concerned regarding the proposed recommendations. While we support greater transparency in government, we believe the proposed recommendations as being discussed are a step in the wrong direction for the following reasons.

1. The latest changes to the recommendations from the February Ad Hoc report do not address the concerns raised regarding partnership, collaboration, and financial burden on 501(c)(3) nonprofit organizations and unfairly place even more barriers to the stated objectives than the March 2023 recommendations.

We firmly believe that the Ethics Commission should use their power to build bridges not barriers to community participation and decision making. Eliminating the exemption of 501(c)(3) nonprofit organizations from the Lobbying Ordinance will deter 501(c)(3) nonprofit organizations from partnering and collaborating with the City. Expanding the scope of the ordinance to include “advocacy” is a broad overreach of power that will stifle community participation and democracy. These recommendations will create further burdens to already overburdened organizations that are consistently being tasked with fulfilling the gaps that exist within society and in the community, many times of which we are asked to do directly from the City of Long Beach as good faith partners.

While the revised recommendations call for a continued exemption for “small” 501(c)(3) nonprofit organizations that only file 990-EZ or 990-N forms, this solution does not address the concerns previously raised by organizations and community members directly impacted. In the report, a scenario is given to justify the exemption elimination regarding a major non-profit educational institution. The reality of the matter is that a significant amount of 501(c)(3) nonprofit organizations that do mission-driven work within the City fall between budgets of \$200,000 and \$500,000,000 (the reported assets of the California State University, Long Beach 49er Foundation, a 501(c)(3) nonprofit organization).

Consider, for example, a 501(c)(3) nonprofit organization with a mission of providing job training for people experiencing homelessness, with gross receipts of \$600,000 and a staff of six full-time employees being paid living wages. The organization is aware the City has declared a homelessness crisis and is eager to help yet is overburdened with daily phone calls regarding housing, referrals, and fundraising efforts needed to keep the doors open. Over the span of two weeks, the Executive Director meets with the Mayor to discuss the homelessness crisis and what the organization has heard from people experiencing homelessness, while another employee meets with three other City Council Members to introduce them to the services and support they provide to residents within their respective council districts. For fulfilling their mission driven work and attempting to be good partners with the City, the 501(c)(3) nonprofit organization would meet the threshold requiring them to register as a lobbyist under these proposed recommendations.

2. Continuing to expand the scope of the ordinance to include “advocacy” is a direct barrier to civic participation and democracy that will prevent the City of Long Beach from working with any organizations who share the same community goals as the City.

Broadening the scope of the ordinance to include “advocacy” whether or not there is a specific matter pending for consideration is a chilling and drastic recommendation to make in a landscape where local governments are restricting rights, freedom of speech, and access for many marginalized groups. Labeling “advocacy” as “lobbying” and requiring registration and disclosure for any organization doing such will have a devastating impact on community collaboration and sends the wrong message from the City to any organized group of people who care about improving our City.

3. The recommendations continue to provide a solution in search of a problem while duplicating and complicating existing disclosure and transparency laws and practices.

501(c)(3) nonprofit organizations are unique in that they already have strict lobbying restrictions placed upon them by the federal government. For example, 501(c)(3)’s cannot spend more than approximately 20% of their expenditures on lobbying activities. These organizations are very careful not to exceed the various limitations, as the penalty includes not only fines, but also losing tax exempt status. Annual reports, such as the IRS 990 form, include information about lobbying and are publicly available records. Nonprofit organizations with 501(c)(3) status are allowed to engage in lobbying activities, but they must do so within certain limits to maintain their tax-exempt status. These organizations are permitted to engage in a limited amount of

lobbying activities, but if their lobbying activities become a substantial part of their overall activities, they risk losing their tax-exempt status.

4. The recommendations continue to conflate 501(c)(3) nonprofit organizations with paid lobbyists who gain profit from meeting with elected officials, and with for profit entities who stand to profit individually from their businesses in the City.

501(c)(3) nonprofit organizations are distinct from paid lobbyists who serve special-interest clients because our mission is to serve communities in need and provide a social good, not to turn a profit. The work of 501(c)(3) nonprofit organizations is, by law, designed to serve the most vulnerable within society and our community, many of whom are historically and purposefully left out of decision-making due to discrimination, language and cultural barriers, and fear of retaliation based on past history. Conflating the influence of 501(c)(3) nonprofit organizations to paid lobbyists that lobby for personal wealth or for the profit of corporate interests is unethical and inequitable.

5. Reporting cost and liability will reduce charitable dollars available to nonprofits that directly serve and benefit the Long Beach community.

At the March Ethics Commission meeting, you heard directly from our local foundation funders who grant millions of dollars to 501(c)(3) nonprofit organizations in the Long Beach community that the changes to the ordinance negatively impact their ability to fund nonprofits in Long Beach. In addition, many nonprofits have funding that prohibits lobbying – under a different definition, but using the same word – and so perception or misclassification of their activities will actually result in a catastrophic effect on their work for the Long Beach community. Nonprofits may choose to avoid activities that would require them to register or even be able to respond to requests for input from City officials who rely on input from nonprofits to better understand the needs of the community. Inclusion of 501(c)(3) nonprofit organizations in the revision of the Lobbying Ordinance would greatly shift a nonprofits ability and willingness to work closely with the city.

Conclusion

We firmly believe that the Ethics Commission should use their power to build bridges, not barriers, to community participation and decision making. We respectfully ask the Ethics Commission to maintain the exemption of all 501(c)(3) nonprofit organizations and not include the broad “advocacy” scope in the key recommendations to the City of Long Beach Lobbying Ordinance.

Sincerely,

Anaheim, Orange, Cherry and 7th Street Neighborhood Organization
Arts Council for Long Beach
Child Lane
Children Today

DAYS Long Beach
Dreamcreator
Filipino Migrant Center
International City Theatre
Khmer Girls in Action
LA Voice
Long Beach Community Design Center
Long Beach Forward
Long Beach Gray Panthers
Long Beach Residents Empowered
Organizing Rooted in Abolition Liberation and Empowerment (ORALE), formerly LBIRC
Peer Education Community Center
Project Optimism
The Children's Clinic (TCC) Family Health
The Nonprofit Partnership
Tichenor Clinic for Children
United Cambodian Community