



Department: Administration
Cost Center: 1021
For Agenda of: 2/17/2026
Placement: Consent
Estimated Time: N/A

FROM: Greg Hermann, Deputy City Manager
Prepared By: Teresa Purrington, City Clerk

SUBJECT: FINAL ADOPTION OF ORDINANCE NO. 1755 (2026 SERIES)
AMENDING MUNICIPAL CODE CHAPTER 2.40.040 (CAMPAIGN
CONTRIBUTION LIMITATIONS)

RECOMMENDATION

Adopt Ordinance No. 1755 (2026 Series) entitled “An Ordinance of the City Council of the City of San Luis Obispo, California, amending Chapter 2.40.040 of the Municipal Code related to Campaign Contribution Limitations” increasing the per person contribution limit from \$250 to \$500.

POLICY CONTEXT

Municipal Code Chapter 2.40 outlines Elections Campaign Regulations and Section 2.4.040(A) establishes the current total contribution limit per person at \$300. Changes to the Municipal Code require two public hearings: 1) Introduce the draft Ordinance, which occurred at the Council Meeting held on February 3, 2026, and 2) Second reading and adoption of the proposed Ordinance.

DISCUSSION

At the [February 3, 2026](#) City Council meeting, the Council voted unanimously to approved increasing the per person campaign contribution amount from \$250 to \$500 to align with Senate Bill 1243. During the meeting Council approved a minor edit to the Ordinance as follows:

Section 1: Findings

- c) The Council has considered and affirms the statement of purpose and intent set forth herein and determines the amended and ~~decreased~~ **increased** contribution limits adopted herein further and support the stated purpose and intent.

The change has been incorporated into the final Ordinance. (Attachment A)

Background

The Political Reform Act is a California voter-approved initiative requiring strict, transparent, and public disclosure of money in state and local politics. It regulates campaign contributions, lobbyist activities, and conflict of interest laws to ensure honest government. In 2022, California Senate Bill 1439 expanded the requirements of Government Code section 84308, known as the Levine Act.

Key points of the Levine Act

- Who it applies to:
State and local elected officials, appointed officials, and certain agency members who make decisions on licenses, permits, contracts, or other entitlements.
- Contribution threshold:
If the official receives more than \$250 (amount set by statute) from a party, participant, or agent involved in a matter.
- Time restriction:
The official must recuse themselves from the decision:
 - For 12 months after receiving the contribution, and
 - For 3 months after a final decision is made.
- Disclosure option:
In some cases, an official may publicly disclose the contribution and return it, which can allow participation.
- Purpose:
To ensure government decisions are made fairly and impartially, not influenced by campaign donations.

Approved by the Governor in September 2024 and effective January 1, 2025, Senate Bill 1243 (“SB1243”) amended Section 84308 of the Political Reform Act. The following is a summary of the amendments to the Levine Act:

- Higher Contribution Threshold
The amount of campaign contributions that triggers the Levine Act restrictions was raised from \$250 to \$500.
- Clarified Definitions
Key terms—such as “pending,” “agent,” “participant,” and what counts as a license, permit, or other entitlement for use—are now defined in the statute, reducing confusion over when the rules apply.

- Agent Contributions Treated Separately
Contributions by agents of a party or participant (like lobbyists or consultants) are now prohibited in any amount during a pending proceeding and for 12 months thereafter and are no longer aggregated with contributions from the party itself.
- Extended Cure Period
Officials who receive a disqualifying contribution now have up to 30 days (instead of 14) to return it in order to “cure” the conflict and potentially participate in the decision.
- Disclosure Requirements Clarified
Parties to proceedings must disclose any contribution over \$500 to officials before the agency makes its final decision, with statutory timing requirements now clearer.
- Expanded Contract and Participant Exemptions
Certain contracts and circumstances are excluded from triggering the Levine Act, such as:
 - Contracts under \$50,000,
 - Contracts between two government agencies,
 - Contracts where neither party receives compensation,
 - Some periodic renewals or routine reviews,

Public Engagement

In accordance with the City’s noticing requirements for proposing amendments to the Municipal Code, a legal ad was published in The New Times 10 days prior (on January 22, 2026) to introduction of the ordinance and 5 days prior to final adoption (on February 12, 2026). Additionally, contents of the ad(s) will be published to the City’s website, with e-notifications sent to subscribers of City News. The public will have an opportunity to provide public comment in writing prior to the meeting or as public comment during the meeting.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to the recommendation in this report, because the action does not constitute a “Project” under CEQA Guidelines Section 15378.

FISCAL IMPACT

Budgeted: Yes
Funding Identified: No

Budget Year: 2026-27

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$N/A	\$	\$	\$
State				
Federal				
Fees				
Other:				
Total	\$N/A	\$	\$	\$

There are no financial impacts directly associated with this item.

ALTERNATIVES

1. Council could direct staff to not increase the per person campaign contribution limit to \$500. If Council chooses this alternative, the current limit of \$250 would remain in effect, and the City’s allowable campaign contribution limit would remain lower than the disqualifying contribution amount in new state law.
2. Council could direct staff to make additional changes to the allowable campaign contribution limit. If Council chooses this alternative the Ordinance would need to be reintroduced and the second reading reschedule to another date.

ATTACHMENTS

A - Ordinance No. 1755 (2026 Series) amending SLOMC Chapter 2.40.040 (Contribution Limitations)