

**Senate Bill No. 1443**

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Passed the Senate August 29, 2014

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*Secretary of the Senate*

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Passed the Assembly August 18, 2014

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2014, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Sections 86203, 87103, and 89503 of the Government Code, relating to the Political Reform Act of 1974.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1443, De León. Political Reform Act of 1974: gift limitations.

The Political Reform Act of 1974 provides for the comprehensive regulation of the lobbying industry and imposes various restrictions on public officials for the purpose of avoiding conflicts of interests. The act prohibits a lobbyist or lobbying firm from making gifts to any person aggregating more than \$10 in a calendar month and prohibits an elected state officer, elected officer of a local government agency, or other designated individual from accepting gifts from any single source in any calendar year with a total value of more than \$250. Existing law requires the Fair Political Practices Commission to adjust the gift limitation amount on January 1 of each odd-numbered year to reflect changes in the Consumer Price Index.

This bill would prohibit a lobbyist or lobbying firm from making a gift of any amount. The bill would prohibit an elected state officer, elected officer of a local government agency, or other designated individual from accepting gifts from a single source in a calendar year with a total value of more than \$200 and would authorize the Fair Political Practices Commission to increase the gift limitation amount each odd-numbered year based upon changes in the Consumer Price Index. The bill would further prohibit a candidate for elective state office, elected state officer, or legislative official from receiving a gift of tickets to specified venues and events or a gift comprised of specified recreational activities.

The act prohibits a public official at any level of state or local government from making, participating in making, or in any way attempting to use the official's position to influence a governmental decision in which the official knows or has reason to know that he or she has a financial interest. The act provides that the public official has a financial interest in a decision if it is reasonably foreseeable that the decision will have a material financial effect

on the official, the official's immediate family, or other prescribed persons, including a donor of a gift or gifts aggregating \$250 or more in value within the 12 months preceding the decision. The act requires the Commission to adjust the gift value amount that creates a financial interest in the donor to equal the above-described limitation amount on the value of gifts from a single source in a calendar year.

This bill would reduce to \$200 the aggregate value of gifts that create a financial interest for a public official in the gift's donor. The bill would also require the Commission to adjust this amount to equal the amount of any adjustment made by the Commission to the above-described gift limitation on the value of gifts from a single source in a calendar year.

Violation of the act is punishable as a misdemeanor. By creating additional crimes, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a  $\frac{2}{3}$  vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

*The people of the State of California do enact as follows:*

SECTION 1. Section 86203 of the Government Code is amended to read:

86203. A lobbyist or lobbying firm shall not make gifts to any person, act as an agent or intermediary in the making of a gift, or arrange for the making of a gift by another person.

SEC. 2. Section 87103 of the Government Code is amended to read:

87103. A public official has a financial interest in a decision within the meaning of Section 87100 if it is reasonably foreseeable that the decision will have a material financial effect,

distinguishable from its effect on the public generally, on the official, a member of his or her immediate family, or on any of the following:

(a) Any business entity in which the public official has a direct or indirect investment worth two thousand dollars (\$2,000) or more.

(b) Any real property in which the public official has a direct or indirect interest worth two thousand dollars (\$2,000) or more.

(c) Any source of income, except gifts or loans by a commercial lending institution made in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided or promised to, received by, the public official within 12 months prior to the time when the decision is made.

(d) Any business entity in which the public official is a director, officer, partner, trustee, employee, or holds any position of management.

(e) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred dollars (\$200) or more in value provided to, received by, or promised to the public official within 12 months prior to the time when the decision is made. If the Commission adjusts the gift limitation amount pursuant to subdivision (f) of Section 89503, the Commission shall adjust the value of gifts specified in this subdivision to equal the same amount.

For purposes of this section, indirect investment or interest means any investment or interest owned by the spouse or dependent child of a public official, by an agent on behalf of a public official, or by a business entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or greater.

SEC. 3. Section 89503 of the Government Code is amended to read:

89503. (a) An elected state officer, elected officer of a local government agency, or other individual specified in Section 87200 shall not accept gifts from a single source in a calendar year with a total value of more than two hundred dollars (\$200).

(b) (1) A candidate for elective state office, for judicial office, or for elective office in a local government agency shall not accept gifts from a single source in a calendar year with a total value of

more than two hundred dollars (\$200). A person shall be deemed a candidate for purposes of this subdivision when the person has filed a statement of organization as a committee for election to a state or local office, a declaration of intent, or a declaration of candidacy, whichever occurs first. A person shall not be deemed a candidate for purposes of this subdivision after he or she is sworn into the elective office, or, if the person lost the election, after the person has terminated his or her campaign statement filing obligations for that office pursuant to Section 84214 or after certification of the election results, whichever is earlier.

(2) Paragraph (1) does not apply to a person who is a candidate, as described in paragraph (1), for judicial office on or before December 31, 1996.

(c) A member of a state board or commission or designated employee of a state or local government agency shall not accept gifts from a single source in a calendar year with a total value of more than two hundred dollars (\$200) if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

(d) This section does not apply to a person in his or her capacity as judge. This section does not apply to a person in his or her capacity as a part-time member of the governing board of a public institution of higher education, unless that position is an elective office.

(e) This section does not prohibit or limit any of the following:

(1) Payments, advances, or reimbursements for travel and related lodging and subsistence permitted by Section 89506.

(2) Wedding gifts and gifts exchanged between individuals on birthdays, holidays, and other similar occasions, provided that the gifts exchanged are not substantially disproportionate in value.

(f) On January 1 of each odd-numbered year, beginning on January 1, 2015, the Commission may, at its discretion, increase the gift limitation amount specified in subdivisions (a), (b), and (c). The Commission shall not increase the gift limitation amount more than once in an odd-numbered year or by an amount that exceeds changes reflected in the Consumer Price Index.

(g) (1) In addition to the gift limitation amount set forth in this section, a candidate for elective state office, an elected state officer, or a legislative official shall not accept a gift of tickets or the equivalent of tickets to any of the following events or venues:

(A) A professional concert or other professional entertainment event.

(B) A professional sporting event.

(C) An amateur sporting event for which the value of the ticket received exceeds fifty dollars (\$50).

(D) A racetrack event.

(E) A theme park, amusement park, or other similar venue.

(F) An amateur theater, concert, or other entertainment event for which the value of the ticket received exceeds fifty dollars (\$50).

(2) For purposes of this subdivision, “professional” means an event with performers who are compensated for the event or who engage in the performance activity as their vocation.

(h) In addition to the gift limitation amount set forth in this section, a candidate for elective state office, an elected state officer, or a legislative official shall not accept a gift of any of the following:

(1) Golfing green fees, complimentary golf course access, or the equivalent.

(2) Skiing, hunting, or fishing trips or other recreational outings.

(3) Spa treatments, spa access fees, or other equivalent complimentary beauty or cosmetic services.

(4) Cash, gift cards, or cash equivalents.

(i) The limitations in this section are in addition to the limitations on gifts in Section 86203.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 5. The Legislature finds and declares that this bill furthers the purposes of the Political Reform Act of 1974 within the meaning of subdivision (a) of Section 81012 of the Government Code.



Approved \_\_\_\_\_, 2014

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*Governor*