

ASSEMBLY BILL

No. 2840

Introduced by Assembly Member Lopez

February 19, 2016

An act to amend Section 89506 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 2840, as introduced, Lopez. Political Reform Act of 1974: travel.

The Political Reform Act of 1974 provides for the comprehensive regulation of campaign financing and related matters, including the reporting of gifts, as defined. The act prohibits specified officers from receiving gifts in excess of \$440 in value from a single source in a calendar year. The act permits gift payments for the actual costs of specified types of travel that are reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international public policy, and it exempts these payments from the annual limit on the value of gifts from a single source. The act also requires a nonprofit organization that regularly organizes and hosts travel for elected officials, as specified, and that pays for these types of travel for an elected state officer or local elected officeholder to disclose the names of donors who, in the preceding year, both donated to the nonprofit organization and accompanied an elected officer or officeholder for any portion of the travel, as specified.

This bill would prohibit a nonprofit organization, as defined, from providing to a Member of the Legislature, and a Member of the Legislature from accepting, any payments, advances, or reimbursements for travel, as defined.

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.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

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

1 SECTION 1. Section 89506 of the Government Code is
2 amended to read:

3 89506. (a) Payments, advances, or reimbursements for travel,
4 including actual transportation and related lodging and subsistence
5 that is reasonably related to a legislative or governmental purpose,
6 or to an issue of state, national, or international public policy, are
7 not prohibited or limited by this chapter if either of the following
8 applies:

9 (1) The travel is in connection with a speech given by the elected
10 state officer, local elected officeholder, candidate for elective state
11 office or local elective office, an individual specified in Section
12 87200, member of a state board or commission, or designated
13 employee of a state or local government agency, the lodging and
14 subsistence expenses are limited to the day immediately preceding,
15 the day of, and the day immediately following the speech, and the
16 travel is within the United States.

17 (2) The travel is provided by a government, a governmental
18 agency, a foreign government, a governmental authority, a bona
19 fide public or private educational institution, as defined in Section
20 203 of the Revenue and Taxation Code, a nonprofit organization
21 that is exempt from taxation under Section 501(c)(3) of the Internal
22 Revenue Code, or by a person domiciled outside the United States
23 who substantially satisfies the requirements for tax-exempt status
24 under Section 501(c)(3) of the Internal Revenue Code.

1 (b) Gifts of travel not described in subdivision (a) are subject
2 to the limits in Section 89503.

3 (c) Subdivision (a) applies only to travel that is reported on the
4 recipient's statement of economic interests.

5 (d) For purposes of this section, a gift of travel does not include
6 any of the following:

7 (1) Travel that is paid for from campaign funds, as permitted
8 by Article 4 (commencing with Section 89510), or that is a
9 contribution.

10 (2) Travel that is provided by the agency of a local elected
11 officeholder, an elected state officer, member of a state board or
12 commission, an individual specified in Section 87200, or a
13 designated employee.

14 (3) Travel that is reasonably necessary in connection with a
15 bona fide business, trade, or profession and that satisfies the criteria
16 for federal income tax deduction for business expenses in Sections
17 162 and 274 of the Internal Revenue Code, unless the sole or
18 predominant activity of the business, trade, or profession is making
19 speeches.

20 (4) Travel that is excluded from the definition of a gift by any
21 other provision of this title.

22 (e) This section does not apply to payments, advances, or
23 reimbursements for travel and related lodging and subsistence
24 permitted or limited by Section 170.9 of the Code of Civil
25 Procedure.

26 (f) (1) A nonprofit organization that regularly organizes and
27 hosts travel for elected officials and that makes payments,
28 advances, or reimbursements that total more than ten thousand
29 dollars (\$10,000) in a calendar year, or that total more than five
30 thousand dollars (\$5,000) in a calendar year for a single person,
31 for travel by an elected state officer or local elected officeholder
32 as described in subdivision (a) shall disclose to the Commission
33 the names of donors who did both of the following in the preceding
34 year:

35 (A) Donated one thousand dollars (\$1,000) or more to the
36 nonprofit organization.

37 (B) Accompanied an elected state officer or local elected
38 officeholder, either personally or through an agent, employee, or
39 representative, for any portion of travel described in subdivision
40 (a).

(2) For purposes of this subdivision, an organization “regularly organizes and hosts travel for elected officials” if the sum of the organization’s expenses that relate to any of the following types of activities with regard to elected officials was greater than one-third of its total expenses reflected on the organization’s Internal Revenue Service Form 990, or the equivalent, filed most recently within the last 12 months:

(A) Travel.

(B) Study tours.

(C) Conferences, conventions, and meetings.

(3) This subdivision does not preclude a finding that a nonprofit organization is acting as an intermediary or agent of the donor. If the nonprofit organization is acting as an intermediary or agent of the donor, all of the following apply:

(A) The donor to the nonprofit organization is the source of the gift.

(B) The donor shall be identified as a financial interest under Section 87103.

(C) The gift shall be reported as required by Section 87207.

(D) The gift shall be subject to the limitations on gifts specified in Section 89503.

(4) For purposes of this subdivision, a nonprofit organization includes an organization that is exempt from taxation under Section 501(c)(3) or Section 501(c)(4) of the Internal Revenue Code.

(g) Notwithstanding any other provision of in this section, a nonprofit organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code shall not provide to a Member of the Legislature, and a Member of the Legislature shall not accept, any payments, advances, or reimbursements for travel, including actual transportation and related lodging and subsistence.

SEC. 2. 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.

1 SEC. 3. The Legislature finds and declares that this bill furthers
2 the purposes of the Political Reform Act of 1974 within the
3 meaning of subdivision (a) of Section 81012 of the Government
4 Code.

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