

AMENDED IN SENATE APRIL 10, 1997

**SENATE BILL**

**No. 946**

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**Introduced by Senator Maddy**

February 27, 1997

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An act to amend ~~Section 87103~~ of Sections 87103, 87303, 91005, and 91011 of, and to add Section 87209 to, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 946, as amended, Maddy. Political Reform Act of 1974.

**Under**

(1) *Under* existing law, no public official at any level of state or local government may make, participate in making, or in any way attempt to use his or her official position to influence a governmental decision in which he or she knows or has reason to know he or she has a financial interest. Under existing law, a public official has a financial interest in a decision within the meaning of this prohibition 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, among other specified things, any source of income, as defined, aggregating \$250 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.

This bill would increase the \$250 threshold at which a source of income to a public official becomes a "financial interest" to \$1,000.

~~The~~

(2) Existing provisions of the Political Reform Act of 1974 require elected officials, members of specified boards and commissions, other specified high-ranking public officials, and other defined public agency officials known as designated employees to periodically disclose their financial interests by filing a statement of economic interests with certain public agencies. While all of these officials are required to disclose certain financial interests on their statements of economic interests, only designated employees are required to disclose the names of for-profit entities in which they are a director, officer, partner, trustee, employee, or in which they hold a position of management.

This bill would require elected officials, members of specified boards and commissions, and other specified high-ranking public officials to disclose on their statements of economic interests the names of for-profit entities in which they are a director, officer, partner, trustee, employee, or in which they hold a position of management.

Existing law makes a violation of the act subject to administrative, civil, and criminal penalties.

This bill would impose a state-mandated local program by imposing these penalties on certain persons who violate the provisions of the bill.

(3) Existing provisions of the Political Reform Act of 1974 require each state or local government agency to develop and submit a proposed conflict of interest code by the appropriate code-reviewing body.

This bill would delete provisions establishing obsolete deadlines and would require that a new agency submit its proposed conflict of interest code not later than 6 months after it comes into existence.

This bill would make technical corrections in cross references to incorrect or nonexistent provisions of the act.

(4) 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.



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

This bill, which would declare that it furthers the purposes of the act, would therefore require a  $\frac{2}{3}$  vote.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes. State-mandated local program: ~~no~~ yes.

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

1 SECTION 1. Section 87103 of the Government Code  
2 is amended to read:

3 87103. A public official has a financial interest in a  
4 decision within the meaning of Section 87100 if it is  
5 reasonably foreseeable that the decision will have a  
6 material financial effect, distinguishable from its effect on  
7 the public generally, on the official, a member of his or  
8 her immediate family, or on any of the following:

9 (a) Any business entity in which the public official has  
10 a direct or indirect investment worth one thousand  
11 dollars (\$1,000) or more.

12 (b) Any real property in which the public official has  
13 a direct or indirect interest worth one thousand dollars  
14 (\$1,000) or more.

15 (c) Any source of income, other than gifts and other  
16 than loans by a commercial lending institution in the  
17 regular course of business on terms available to the public  
18 without regard to official status, aggregating one  
19 thousand dollars (\$1,000) or more in value provided to,  
20 received by or promised to the public official within 12  
21 months prior to the time when the decision is made.

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

25 (e) Any donor of, or any intermediary or agent for a  
26 donor of, a gift or gifts aggregating two hundred fifty  
27 dollars (\$250) or more in value provided to, received by,  
28 or promised to the public official within 12 months prior  
29 to the time when the decision is made. The amount of the



1 value of gifts specified by this subdivision shall be adjusted  
2 biennially by the commission to equal the same amount  
3 determined by the commission pursuant to subdivision  
4 (d) of Section 89504.

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

12 SEC. 2. Section 87209 is added to the Government  
13 Code, to read:

14 87209. When a statement is required to be filed under  
15 this article, every person specified in Section 87200 shall  
16 disclose any business positions held by that person. For  
17 purposes of this section, "business position" means any  
18 business entity in which the filer is a director, officer,  
19 partner, trustee, employee, or holds any position of  
20 management, if the business entity or any parent,  
21 subsidiary, or otherwise related business entity has an  
22 interest in real property in the jurisdiction, or does  
23 business or plans to do business in the jurisdiction or has  
24 done business in the jurisdiction at any time during the  
25 two years prior to the date the statement is required to be  
26 filed.

27 SEC. 3. Section 87303 of the Government Code is  
28 amended to read:

29 87303. No conflict of interest code shall be effective  
30 until it has been approved by the code-reviewing body.  
31 Each agency shall submit a proposed conflict of interest  
32 code to the code-reviewing body by the deadline  
33 established for the agency by the code-reviewing body.  
34 ~~The deadline for any agency in existence on April 1, 1975,~~  
35 ~~shall not be later than June 30, 1980.~~ The deadline for any  
36 ~~agency not in existence on April 1, 1975, shall be a new~~  
37 ~~agency shall be not later than six months after it comes~~  
38 ~~into existence. Within 90 days after receiving the~~  
39 ~~proposed code or receiving any proposed amendments or~~



1 revisions, the code-reviewing body shall *do one of the*  
2 *following*:

3 (a) Approve the proposed code as ~~submitted~~;  
4 *submitted*.

5 (b) Revise the proposed code and approve it as  
6 ~~revised~~, or *revised*.

7 (c) Return the proposed code to the agency for  
8 revision and resubmission within 60 days. The  
9 code-reviewing body shall either approve the revised  
10 code or revise it and approve it. When a proposed conflict  
11 of interest code or amendment is approved by the  
12 code-reviewing body, it shall be deemed adopted and  
13 shall be promulgated by the agency.

14 *SEC. 4. Section 91005 of the Government Code is*  
15 *amended to read:*

16 91005. (a) Any person who makes or receives a  
17 contribution, gift or expenditure in violation of Section  
18 84300, 84304, ~~86202~~, 86203, or 86204 is liable in a civil action  
19 brought by the civil prosecutor or by a person residing  
20 within the jurisdiction for an amount up to five hundred  
21 dollars (\$500) or three times the amount of the unlawful  
22 contribution, gift or expenditure, whichever is greater.

23 (b) Any designated employee or public official  
24 specified in Section 87200, other than an elected state  
25 officer, who realizes an economic benefit as a result of a  
26 violation of Section 87100 or of a disqualification provision  
27 of a Conflict of Interest Code is liable in a civil action  
28 brought by the civil prosecutor or by a person residing  
29 within the jurisdiction for an amount up to three times  
30 the value of the benefit.

31 *SEC. 5. Section 91011 of the Government Code is*  
32 *amended to read:*

33 91011. (a) No civil action alleging a violation in  
34 connection with a report or statement required by  
35 Chapter 4 (commencing with Section 84100) of this title  
36 shall be filed more than four years after an audit could  
37 begin as set forth in subdivision ~~(b)~~ (c) of Section 90002.

38 (b) No civil action alleging a violation of any provisions  
39 of this title, other than those described in subdivision (a),



1 shall be filed more than four years after the date the  
2 violation occurred.

3 *SEC. 6. No reimbursement is required by this act*  
4 *pursuant to Section 6 of Article XIII B of the California*  
5 *Constitution because the only costs that may be incurred*  
6 *by a local agency or school district will be incurred*  
7 *because this act creates a new crime or infraction,*  
8 *eliminates a crime or infraction, or changes the penalty*  
9 *for a crime or infraction, within the meaning of Section*  
10 *17556 of the Government Code, or changes the definition*  
11 *of a crime within the meaning of Section 6 of Article*  
12 *XIII B of the California Constitution.*

13 *Notwithstanding Section 17580 of the Government*  
14 *Code, unless otherwise specified, the provisions of this act*  
15 *shall become operative on the same date that the act*  
16 *takes effect pursuant to the California Constitution.*

17 *SEC. 7. The Legislature finds and declares that the*  
18 *provisions of this act further the purpose of the Political*  
19 *Reform Act of 1974 within the meaning of subdivision (a)*  
20 *of Section 81012 of the Government Code.*

