

AMENDED IN SENATE MAY 5, 1997  
AMENDED IN SENATE APRIL 10, 1997

**SENATE BILL**

**No. 946**

---

---

**Introduced by Senator Maddy**

February 27, 1997

---

---

An act to amend Sections 87103, 87303, 89506, 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.

(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~~ make a technical, nonsubstantive change.

(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: 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)~~ *two hundred fifty dollars (\$250)*  
20 or more in value provided to, received by or promised to  
21 the public official within 12 months prior to the time  
22 when the decision is made.

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

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



1 to the time when the decision is made. The amount of the  
2 value of gifts specified by this subdivision shall be adjusted  
3 biennially by the commission to equal the same amount  
4 determined by the commission pursuant to subdivision  
5 ~~(d) of Section 89504.~~ (f) of Section 89503.

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

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

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

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

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

40 (a) Approve the proposed code as submitted.



1 (b) Revise the proposed code and approve it as  
2 revised.

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

10 SEC. 4. *Section 89506 of the Government Code is*  
11 *amended to read:*

12 89506. (a) Payments, advances, or reimbursements,  
13 for travel, including actual transportation and related  
14 lodging and subsistence ~~which~~ *that* is reasonably related  
15 to a legislative or governmental purpose, or to an issue of  
16 state, national, or international public policy, are not  
17 prohibited or limited by this chapter if either of the  
18 following apply:

19 (1) The travel is in connection with a speech given by  
20 the elected state officer, local elected officeholder,  
21 candidate for elected state office or local elected office,  
22 an individual specified in Section 87200, member of a  
23 state board or commission, or designated employee of a  
24 state or local government agency, the lodging and  
25 subsistence expenses are limited to the day immediately  
26 preceding, the day of, and the day immediately following  
27 the speech, and the travel is within the United States.

28 (2) The travel is provided by a government, a  
29 governmental agency, a foreign government, a  
30 governmental authority, a bona fide public or private  
31 educational institution, as defined in Section 203 of the  
32 Revenue and Taxation Code, a nonprofit ~~charitable~~ ~~or~~  
33 ~~religious~~ organization ~~which~~ *that* is exempt from taxation  
34 under Section 501(c)(3) of the Internal Revenue Code,  
35 or by a person domiciled outside the United States which  
36 substantially satisfies the requirements for tax-exempt  
37 status under Section 501(c)(3) of the Internal Revenue  
38 Code.

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



1 (c) Subdivision (a) applies only to travel ~~which~~ *that* is  
2 reported on the recipient's statement of economic  
3 interests.

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

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

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

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

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

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

26 *SEC. 5.* Section 91005 of the Government Code is  
27 amended to read:

28 91005. (a) Any person who makes or receives a  
29 contribution, gift or expenditure in violation of Section  
30 84300, 84304, 86203, or 86204 is liable in a civil action  
31 brought by the civil prosecutor or by a person residing  
32 within the jurisdiction for an amount up to five hundred  
33 dollars (\$500) or three times the amount of the unlawful  
34 contribution, gift or expenditure, whichever is greater.

35 (b) Any designated employee or public official  
36 specified in Section 87200, other than an elected state  
37 officer, who realizes an economic benefit as a result of a  
38 violation of Section 87100 or of a disqualification provision  
39 of a conflict of interest code is liable in a civil action  
40 brought by the civil prosecutor or by a person residing



1 within the jurisdiction for an amount up to three times  
2 the value of the benefit.

3 ~~SEC. 5.~~

4 *SEC. 6.* Section 91011 of the Government Code is  
5 amended to read:

6 91011. (a) No civil action alleging a violation in  
7 connection with a report or statement required by  
8 Chapter 4 (commencing with Section 84100) of this title  
9 shall be filed more than four years after an audit could  
10 begin as set forth in subdivision (c) of Section 90002.

11 (b) No civil action alleging a violation of any provisions  
12 of this title, other than those described in subdivision (a),  
13 shall be filed more than four years after the date the  
14 violation occurred.

15 ~~SEC. 6.~~

16 *SEC. 7.* No reimbursement is required by this act  
17 pursuant to Section 6 of Article XIII B of the California  
18 Constitution because the only costs that may be incurred  
19 by a local agency or school district will be incurred  
20 because this act creates a new crime or infraction,  
21 eliminates a crime or infraction, or changes the penalty  
22 for a crime or infraction, within the meaning of Section  
23 17556 of the Government Code, or changes the definition  
24 of a crime within the meaning of Section 6 of Article  
25 XIII B of the California Constitution.

26 Notwithstanding Section 17580 of the Government  
27 Code, unless otherwise specified, the provisions of this act  
28 shall become operative on the same date that the act  
29 takes effect pursuant to the California Constitution.

30 ~~SEC. 7.~~

31 *SEC. 8.* The Legislature finds and declares that the  
32 provisions of this act further the ~~purpose~~ *purposes* of the  
33 Political Reform Act of 1974 within the meaning of  
34 subdivision (a) of Section 81012 of the Government Code.

