Amend 2 Cal. Code Regs. Section 18706 to read:


(a) Economic Interest Directly Involved: A financial effect on an economic interest is presumed to be reasonably foreseeable if the economic interest is a named party in, or the subject of a governmental decision before the official or the official’s agency. An economic interest is the subject of a proceeding if the decision involves the issuance, renewal, approval, denial or revocation of any license, permit, or other entitlement to, or contract with, the economic interest, and includes any governmental decision affecting a real property economic interest as described in Regulation 18704.2.

(b) Economic Interest Not Directly Involved in Decision: For an economic interest other than an interest described in subdivision (a) above, a material financial effect on any of an official’s economic interest is reasonably foreseeable, within the meaning of Government Code section 87103, if it is substantially likely that one or more of the materiality standards (see Cal. Code Regs., tit. 2, §§ 18704, 18705) applicable to that economic interest will be met as a result of the governmental decision. Any of the following apply:

(1) The official can anticipate a financial effect on his or her economic interest as a potential outcome under normal circumstances when using due diligence and care commensurate with the duties of the official’s office or position.

(2) The public official has an economic interest that is of the type that would typically be affected by the terms of the governmental decision.
(3) The governmental decision is of the type that would be expected to have a financial effect on businesses and individuals similarly situated to those businesses and individuals in which the public official has an economic interest.

(4) It can reasonably be inferred that the financial effects of the governmental decision could realistically provide a financial effect on an economic interest that may compromise the public official’s ability to act in a manner consistent with his or her duty to act in the best interests of the public.

(5) The governmental decision will provide an opportunity, advantage, or disadvantage to one of the official’s economic interests.

(6) The public official has the type of economic interest that would cause a similarly situated person to weigh the advantages and disadvantages of the governmental decision on his or her economic interest in formulating a position.

(b) (c) A financial effect need not be likely to be considered reasonably foreseeable. In general, if the result can be recognized as a realistically possible result, it is reasonably foreseeable. A possible result that might realistically be contemplated is reasonably foreseeable. On the other hand, if the financial result cannot be expected absent unknown or extraordinary circumstances not subject to the public official’s control, it is not reasonably foreseeable. In determining whether a governmental decision will have a reasonably foreseeable material financial effect on an economic interest as defined in subdivision (b) above, the following factors should be considered may provide guidance. These factors are not intended to be an exclusive list of the relevant facts that may be considered in determining whether a financial effect is reasonably foreseeable, but are included as general guidelines.
(1) The extent to which the official or the official’s source of income economic interest has engaged, is engaged, or plans on engaging in business activity in the jurisdiction; a business or financial interest that would be expected to be affected by the governmental decision.

(2) The market share held by the official or the official’s source of income in the jurisdiction; The nature of an official’s economic interest and the extent to which it is engaged in an activity that can be expected to participate in the reward of a financial benefit or suffer a financial detriment as a result of the governmental decision.

(3) The extent to which the official or the official’s source of income has competition for business in the jurisdiction; The amount and level of competition that can be expected to be faced by the official’s economic interest in competing for the same rewards as those provided as a result of the governmental decision.

(4) The scope of the government decision in question; and

(5) The extent to which the occurrence or non-occurrence of the material financial effect is contingent upon intervening events, not including other than future governmental decisions by the official’s agency, or any other agency appointed by or subject to the budgetary control of the official’s agency, or any acts under the control of the public official. The more intervening events upon which the material financial effect is dependant, the less the result is reasonably foreseeable.

(5) The probability that the intervening events will occur or not occur.

(d) Possession of a real-estate sales or brokerage license, or any other professional license, without regard to the official’s business activity or likely business
activity, does not in itself make a material financial effect on the official’s economic
interest reasonably foreseeable.

NOTE: Authority cited: Section 83112, Government Code. Reference: Sections 87100,
87102.5, 87102.6, 87102.8 and 87103, Government Code.