

1 Amend 2 Cal. Code Regs. Section 18705.4 to read:

2 **§ 18705.4. Materiality Standard: ~~Economic~~ Financial Interests Interest in Persons Who**
3 **~~Are Sources~~ Source of Gifts Gift.**

4 ~~(a) Directly involved sources of gift. Any reasonably foreseeable financial effect on a~~
5 ~~person who is a source of income to a public official, and which person is directly involved in a~~
6 ~~decision before the official's agency, is deemed material.~~

7 ~~(b) Indirectly involved sources of gifts.~~

8 ~~(1) Sources of gifts which are indirectly involved business entities. If the source of a gift~~
9 ~~is a business entity, apply the materiality standards stated in 2 Cal. Code Regs. section~~
10 ~~18705.1(e).~~

11 ~~(2) Sources of gifts which are indirectly involved non-profit entities or government~~
12 ~~agencies. If the source of a gift is a nonprofit entity or government agency, apply the materiality~~
13 ~~standards stated in 2 Cal Code Regs. section 18705.3(b)(2).~~

14 ~~(3) Sources of gifts who are indirectly involved individuals. If the source of a gift is an~~
15 ~~individual, apply the materiality standards stated in 2 Cal. Code Regs. section 18705.3(b)(3).~~

16 The financial effect of a governmental decision on a person who is the source of a gift to
17 a public official, as identified in Section 87103(e), is material if:

18 (a) The person is a claimant, applicant, respondent, contracting party, or is otherwise
19 identified as a party in any proceeding, or has an identifiable ownership interest in any business
20 entity or real property that is the subject of the proceeding; or

21 (b) The person is an individual, and the official knows or has reason to know that the
22 individual will be financially affected under the standards applied to an official in Regulation
23 18705.5, or that his or her business interest or real property interest will be financially affected
24 under the standards applied to a financial interest in Regulation 18705.1 or 18705.2; or

25 (c) The source is a business entity that will be financially affected under the standards as
26 applied to a financial interest in Regulation 18705.1.

27 Note: Authority cited: Section 83112, Government Code. Reference: Sections 87100, 87102.5,
28 87102.6, 87102.8 and 87103, Government Code.